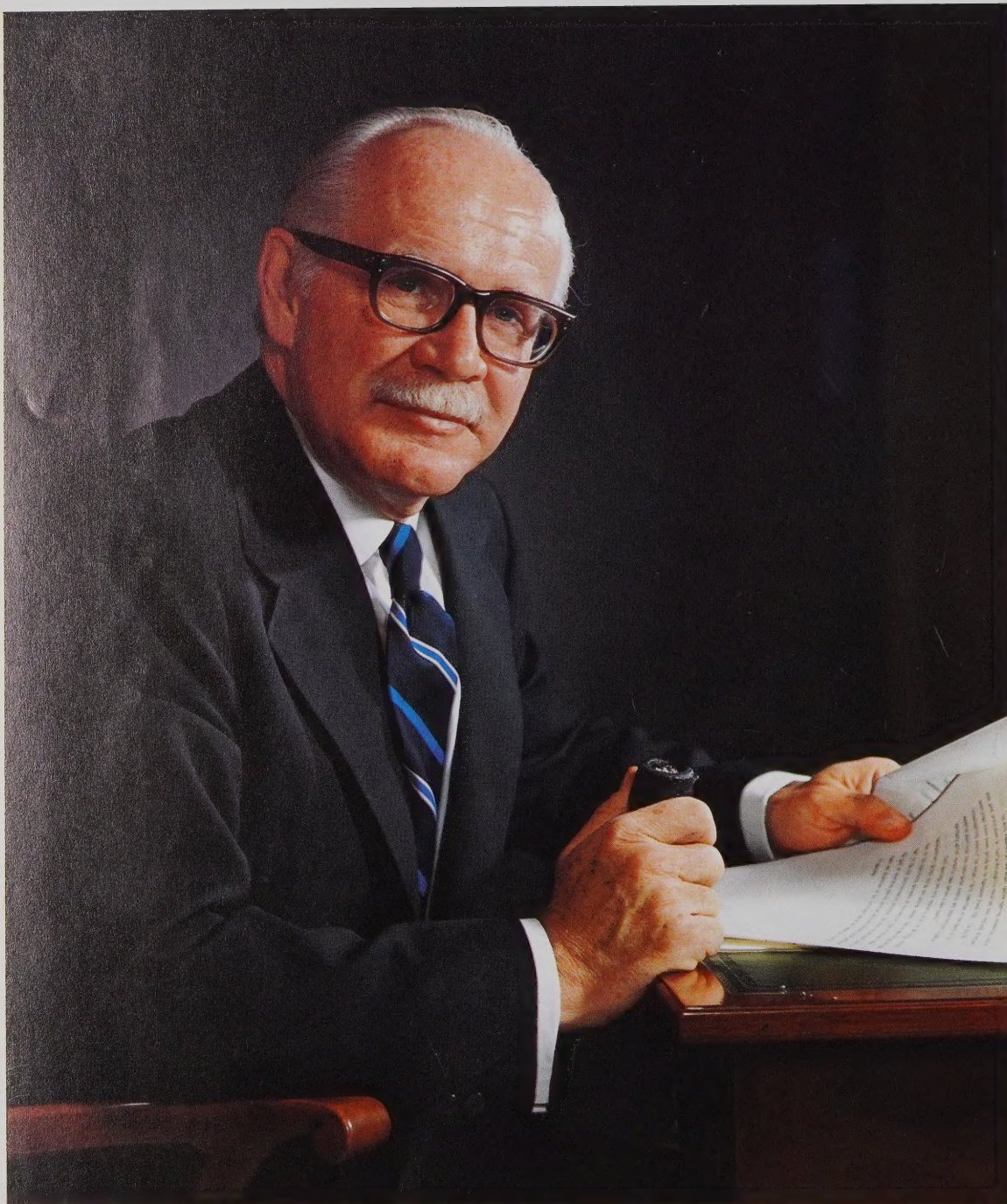




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Highlights of the Year

For the year ended October 31st	1974	1973	Increase
Balance of Revenue	\$ 211,002,350	\$ 192,144,223	9.8%
Net profit after income taxes	\$ 62,102,350	\$ 57,894,223	7.3%
Per share	\$ 1.87	\$ 1.74	7.3%
Dividends	\$ 36,590,400	\$ 33,929,280	7.8%
Per share	\$ 1.10	\$ 1.02	7.8%
At October 31st			
Assets	\$21,669,879,818	\$18,363,535,359	18.0%
Deposits	\$19,441,372,513	\$16,800,301,163	15.7%
Loans	\$12,713,031,139	\$ 9,972,050,600	27.5%



MESSAGE TO SHAREHOLDERS

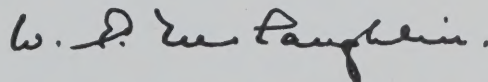
As we approach the mid-point of this decade, there is an increasing need for business to express itself in terms everyone can understand. I believe that all too frequently corporate performance is described in language appreciated only by the sophisticated shareholder or investment analyst.

While Canadians are taking a much greater interest in economic matters, they are too involved in making ends meet to concern themselves with technical arguments. People are interested, and rightly so, in the effects of complex actions undertaken by governments and business on their lifestyles and living standards. And, they want these actions and effects explained simply.

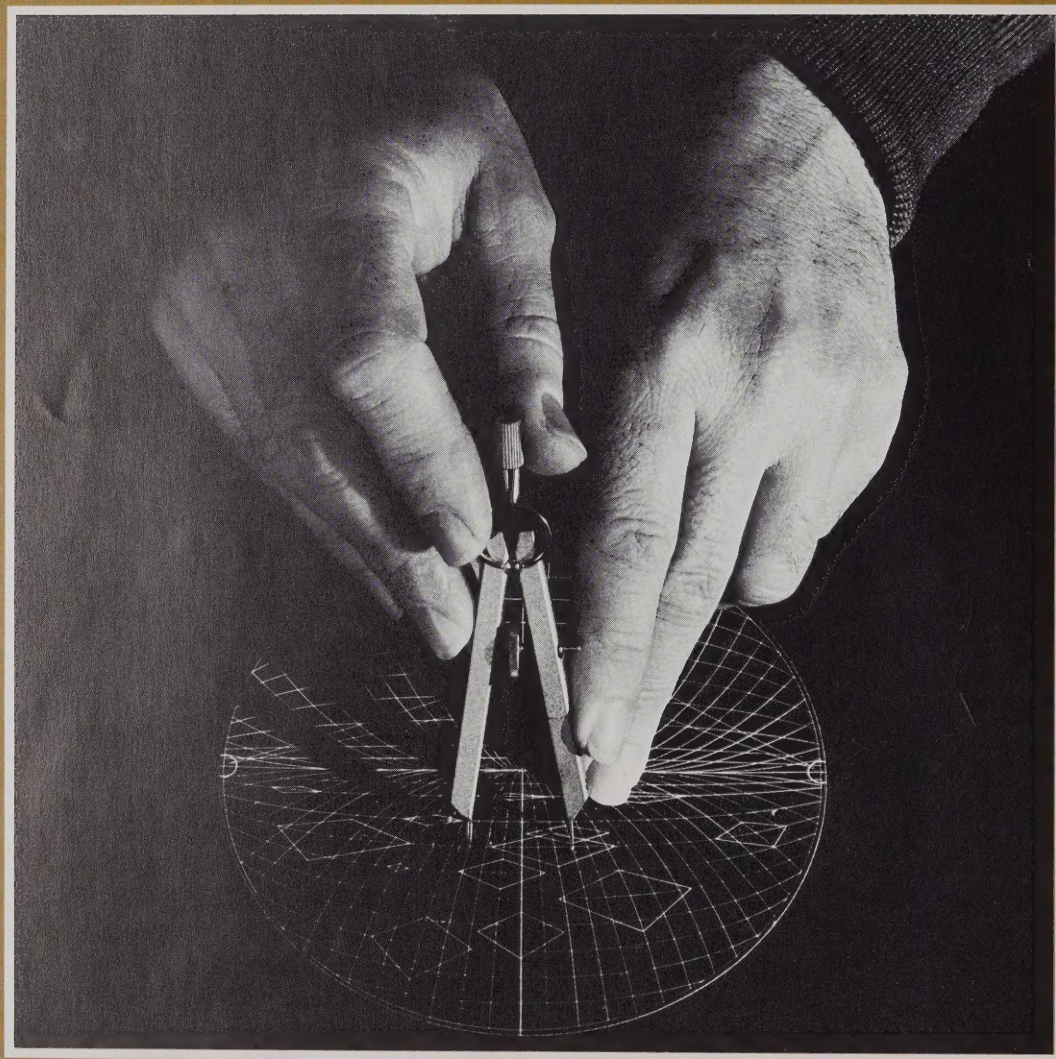
When explanations are absent or overly complex, myths and misunderstandings arise. For example, the inadequacy of these explanations has contributed to mounting criticism of corporate profits – which are often assumed to be much greater than they really are. This in turn has lent credibility to the idea that corporate profits contribute significantly to inflation and the high cost of living.

In reporting on the activities of The Royal Bank of Canada this year, we felt it appropriate to devote space in this Annual Report to a discussion of profit and its role in society. In doing so, we have done our best to explain in simple terms why profits are important not only to corporations, but to consumers and the community as a whole.

In addition, in his Report On The Year's Operations, the Executive Vice-President and Chief General Manager discusses factors underlying the Bank's performance during fiscal 1974. Equally important, he outlines the Bank's activities during a period of difficult economic circumstances and describes the ways in which we achieve our goal of providing a well-balanced range of services to all our clients both in Canada and in other countries.



W. EARLE McLAUGHLIN
Chairman and President



In human progress, mind and hand combine

THE ROLE OF PROFIT IN SOCIETY

One of the characteristics of today's world of rapid change is a general readiness to challenge the status quo, and seek a better way of doing things. Such willingness to question the traditional is a healthy sign of vitality and dynamism in any society. Thoughtful citizens welcome it, and participate in a continuing re-evaluation of social and economic values, and of the institutions we have set up to meet our needs.

Such a re-evaluation is in process in Canada today. Few are demanding that the principles of democracy and the marketplace economy be completely done away with and replaced by some Utopian alternative. But much discussion and debate does centre on whether we have gone too far too fast in seeking material gain, and "quality of life" is a phrase with much currency. In the process, it is not surprising that searching questions are being asked about the role of profit in society. Profit, after all, is one of the key factors in an enterprise economy such as ours, a system which has in the space of a few decades propelled Canada into the ranks of the industrialized nations and to one of the highest living standards in the world.

This essay, therefore, attempts to put profit within the larger perspective of the common good, in the hope that in the process it may make some contribution to clearer understanding of the questions now so commonly raised about the usefulness — or otherwise — of profit.

A baffling and contentious concept, profit has been the subject of debate, discussion and misunderstanding for centuries. Eminent men have variously extolled or denied its value to the community. Those who today consider profit as a "corporate rip-off" are, probably unknowingly, echoing the assertion of Michel de Montaigne, the 16th century philosopher, who said: "No man can profit except by the loss of others, and by this reasoning all manner of profit must be condemned." To this way of thinking, it follows, profit is *by definition* a "rip-off," and the profit motive nothing more than institutionalized greed and covetousness.

On the other side of the question, 19th century economist David Ricardo declared: "Nothing contributes so much to the prosperity and happiness of a country as high profits."

More recently, American statesman and economic advisor Bernard Baruch stated:



Together, they shape the quality of modern life...

"Society can progress only if men's labours show a profit – if they yield more than is put in. To produce a loss must leave less for all to share."

Whether one borrows from mediaeval philosophy or from 20th century rhetoric, the variety of opinions expressed produces confusion, and there is certainly little doubt that the meaning and social value of profit is blurred and distorted in the minds of many today – on both sides of the pro and con debate.

There are many ways to define profit, from the basic dictionary – "gain, good, well-being, advance, benefit, the excess of returns over the outlay of capital," – to definitions so complex as to be useful only to the professional accountant. One of the briefest explains profit as representing that which is *left over* when the costs of some activity have been deducted from the revenue generated. In this form, it is usually expressed in terms of the common medium of value exchange – money. And while a surplus, or profit, may not necessarily be in monetary form, certainly the profit referred to in today's debates is the money profit made by commercial businesses.

The cornerstone upon which the modern concept of profit is built was provided some two hundred years ago by the Scottish economist, Adam Smith. His book, *Wealth of Nations*, set out the thesis that what we would today call a free enterprise, competitive economy contained its own control mechanisms and could best serve society if left to operate without intervention. Economic structures have changed greatly since Adam Smith's era, but the remarkable depth of his insight has only been confirmed with the passage of time.

There is, he noted, an "invisible hand" which turns the self-interest of the individual to projects "most agreeable to the interests of the whole society." That guiding hand is the quest for profit. It motivates people to undertake activities of which the community approves and for which it is, therefore, willing to pay. This in turn stimulates investment of money and labour in those enterprises which enjoy community approval, and deters such investment in those which do not. Thus it guides the overall allocation of human energy and monetary savings in the economy towards society's goals.

From today's point of view, two comments seem appropriate.

First, it should be noted that it is no way essential to the basic validity of Adam Smith's thesis that the profit motive in individuals itself be considered noble or virtuous. The point of the argument is precisely that *even if* the profit motive was to be considered basically selfish, the *operation of the system* turns private greed to public good, for it is society at large which, through the operation of the marketplace, inevitably forces individuals and individual enterprise, in the long run, to produce goods and services upon which the community places value. If society expresses its *lack* of approval through the marketplace, there results no profit to motivate or enable continuance of the enterprise.

One suspects that one of the reasons why profit is considered evil by some today is their failure to realize that even if the profit motive is indeed private greed, and ignoble in some instances, it is a basic characteristic of the *system* that even basely motivated actions and undertakings can result in public good.



In a constant effort to improve our condition

The second comment is that the role of profit as an allocator of economic resources, while indirect, leads to a wide dispersal of economic decision-making in the society. Consumer-buying decisions, in general, operate in a manner similar to that of the vote in the democratic political system. Elitists may contend that “the experts” know better than the mass of ordinary people, but both political democracy *and* the marketplace economic system are based on the belief that generally and in the long run, the common man has the most common sense, and will eventually make the wisest decisions. And though it is attacked by those who contend that advertisers can and do artificially manipulate public opinion, creating artificial wants or quasi-needs in the consuming public, the basic democratic notion still seems alive and well in Canada today.

Thus it is that left reasonably free of specific intervention the market will find and produce the most suitable proportion of farmers, engineers or architects. Should more enter one field than society deems suitable, the price of their products or services will fall, and some will be driven from the field. By the same token, a shortage of people in a given field will make pursuit of a career in it more profitable and hence more attractive, automatically drawing more practitioners. Just as this happens with people, it occurs with savings seeking profitable investment opportunity, and with products seeking a market at a price which will earn its maker a profit. The mechanism of supply and demand enforces its imperatives through price and, eventually, through profit or loss. Thus savings and products gravitate towards that locale or segment of the market where they can attract the highest profit. The rise and fall of profit tells investors and producers how well they have served the market in the past, and suggests their course for the future. In this way, profit serves an immensely practical function in society, acting as both engine and rudder, with the common man’s hand on throttle and wheel.

A key point applicable to all of this is that profit is a *mechanism*, through which the many economic decisions of individuals throughout society are given effect. Some of the critics of profit seem not to have realized that profit is just that — a mechanism, a *means* by which *society* achieves its ends and enforces its decisions.

This is not to say that the means by which profit may be sought are necessarily always desirable. If, because of a lack of individual morality, or of adequate legal “rules of the game,” profit is garnered through unfair and exploitive means, we can agree that the means were despicable without condemning the profit mechanism itself. The iniquity of the particular practices involved is not an inevitable consequence of the pursuit of profit. That some gains are ill-gotten is not reason enough to damn all gains.

While modern critics of profit appear to be concerned with all profit, closer analysis reveals that often they are not so concerned with the concept *itself* as with the *extent* or degree of profit generated, particularly in the case of large corporations.

This raises the intriguing questions: “How much is enough?” and “How much is too much?”

The answer depends more on society than upon its entrepreneurs. Ours is a competitive market system based on laws of supply and demand. Excessive profits in a partic-



We learn, build, produce and trade...

ular business tend to attract additional competitors seeking like profits, and this results in an increase in the supply of the particular goods or services involved. If consumers of a particular product or service consider the price to be too high, they either reduce demand by limiting their purchases, or move to the competitor who offers a cheaper price. Both actions tend to reduce prices, and keep overall profits down. On the other hand the producer of goods or services who sells at a price which does not produce an adequate profit eventually goes out of business, or finds he cannot raise the capital he needs to grow, expand or even keep up with his competition. Thus society, making its will felt through the operation of Adam Smith's "invisible hand", provides its own answers to the question of how much profit is too much.

It would be convenient to have a single universal figure signifying the reasonable and proper level of profit. But the economic system just doesn't work that way, and neither does the language. The key terms are hard to define: "reasonable" to whom, and "proper" for what purpose? And even if the semantics are untangled, difficulties still remain, because generalities tend to fall apart when applied impartially to differing cases. A sum of profit dollars entirely appropriate to the operations and needs of one enterprise could be a disastrously inadequate profit for another. Among the factors operating are the size of the business, the amount of capital employed, the degree of risk involved, the need for heavy investment in research or exploration, and the relative stability or otherwise of the market.

The question of size is probably dealt with most easily. Here the most realistic approach is usually to realize fully that the level of profitability of an enterprise is only meaningful if it is judged in *relative* terms. It is illogical to look only at absolute dollar figures, as so many people seem to do. Common sense indicates that a profit of, say, \$5,000 for a given year on a capital investment of \$20,000 is actually much higher, at 25 per cent, than a profit of \$50 million for a year on a capital investment of \$500 million, at 10 per cent. The latter compares rather unfavourably, in investment terms, with the 9¾ per cent interest offered by Canada Savings Bonds, considering the latter are highly liquid and virtually risk-free.

All the same, there are many unthinking critics of profit who will say \$50 million is a huge profit in any terms. And so it is. But it can only be generated by huge enterprises providing huge amounts of products or services to society, so it is all in proportion. And so it should be viewed.

Another common measure of profitability relates profit to sales, so that the consumer knows so many cents out of each dollar in the sales price is the producer's "cut."

Quoting profit as a percentage of some quantitative measure of corporate size or activity enables the results of enterprises of differing sizes to be compared. But even this is not necessarily the end of the matter.

A rate of profit suitable for one company may be more or less than adequate for another. For example, profit as a percentage of sales in the food distribution business may be quite small, but because of high turnover volume may still be adequate for the



Maintaining the freedom for ordinary people to decide

health of the business and satisfactory to shareholders. Yet this same percentage of profit on sales could be disastrously little for a company which each year makes and sells only a few custom-crafted and elaborate items.

In similar vein, a profit percentage judged adequate for a utility where fixed investment is high and risks low might be scarcely suitable for a company highly dependent on exploration or other high risks.

In the assessment of profit levels, the best guide is given by reference to fundamental purpose. *From society's point of view*, the prime function of profit must be to influence the allocation of the resources of individuals, companies and the country towards those activities the public finds valuable. How much is enough? *Whatever amount will balance reward against risk and spur the provision of those goods and services demanded by the community.* This can never be a rigid sum or ratio, but must vary with time and need. As a mechanism in the service of society, one of profit's prime virtues is its flexibility.

Nevertheless, the fact remains that sloppy thinking has produced considerable confusion about levels of profitability, and there is much talk about "excessive" profits, businessmen "profiteering," to say nothing of the "corporate rip-off." So common are these perceptions that there is little realism in the most common public opinion. For example, opinion surveys show the public believes corporate profit to be as much as seven times higher than it actually is.

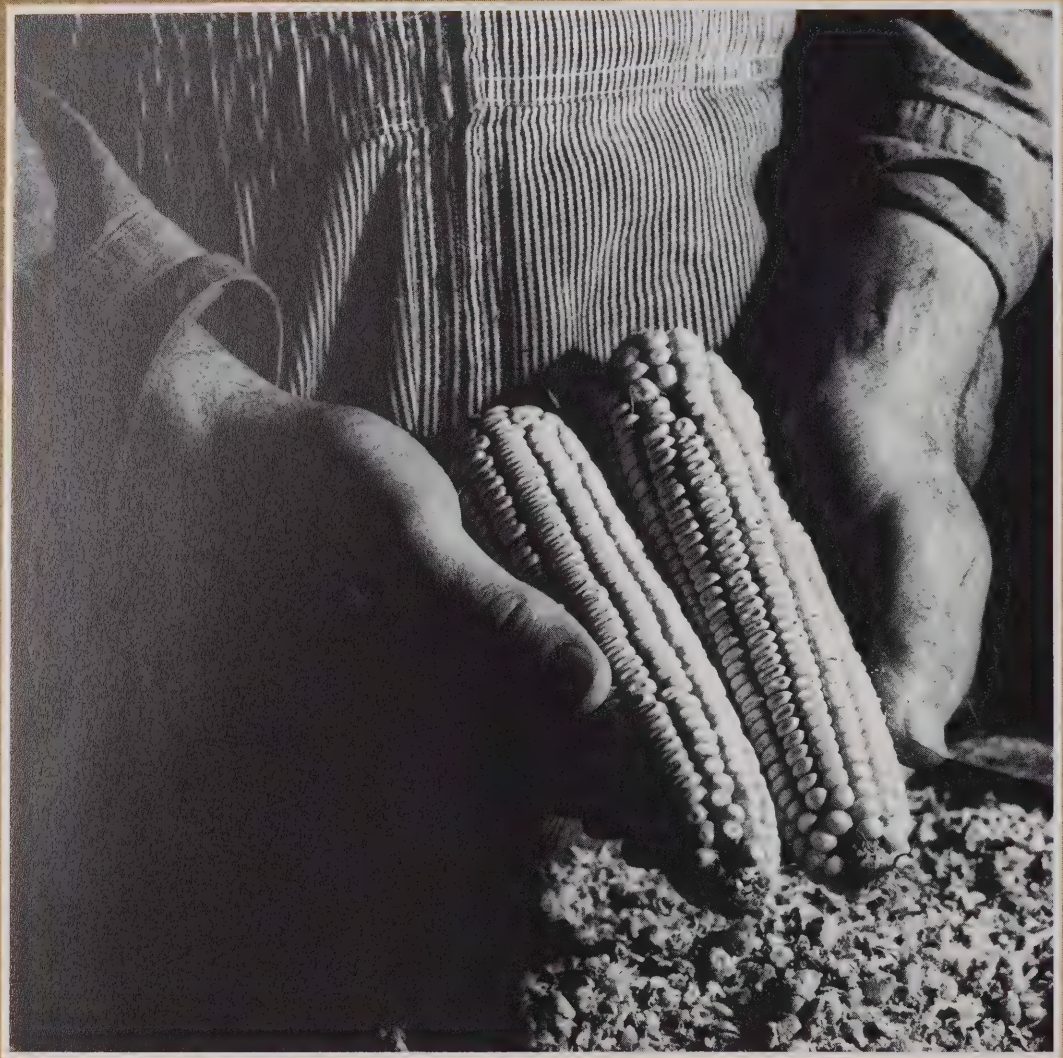
In Canada, the overall profit performance of industrial corporations is an annual average net return of less than 5 per cent of sales and 10 to 11 per cent on invested capital, and, on average, has been declining. These certainly do not indicate excesses; if anything, one would expect they would discourage further investments or new entrants into business. As in the example cited earlier, these levels of return on investment are not significantly higher than those offered by government bonds, which can be acquired without material risk, innovation or effort.

The attraction to the venturer in business — apart from the powerful desire of individuals to do something just "to show it can be done" — is the dream of achieving financial results *better* than average. The nightmare of all businessmen is of achieving results so far below the average that sources of capital dry up, the business cannot renew itself for the future, and ultimately suffers unsustainable losses.

That the profit concept is inextricably linked with that of potential loss is emphasized by Professor Paul A. Samuelson of the Massachusetts Institute of Technology, in his university text, *Economics*:

"Ours is a profit and loss system" . . . and . . . "Profits are the carrots held out as an incentive to efficiency, and losses are the kicks that penalize using inefficient methods of devoting resources to uses not desired by spending consumers." And further: "Profits are the report card of the past, the incentive gold star for the future and also the grubstake for your new venture."

The grubstake function of profit may well be one of its most important long-term benefits. Just as the prudent family has some saving plan, so any business needs to gener-



And make choices in our destiny.

ate savings — profits by a different name — which can later be invested in renewal of plant and equipment, expansion, research, innovation and growth. And savings which are surplus to the needs of the business itself are valuable to the larger community, as they are one of the prime sources of investment capital for the creation of new enterprises, so essential for the overall growth of the country's economy, for the creation of jobs, and for the generation of the taxes which pay for our considerable array of social services.

Profit serves us as individuals in some highly specialized ways. There is, for example, the important consideration that we must earn our daily bread. Viewed in the longer term, satisfaction of this basic requirement depends on the gold star of efficiency of the profit concept. In the private sector, companies not earning profits for a sufficient number of years founder, taking under with them the jobs that they originally created. Crown corporations of the public sector, admittedly, may be spared this harsh fate. For them, an unrelenting string of losses can be offset by financial transfusions from the public purse. But these funds, in turn, come from the taxes which, in many forms, are taken from individuals and corporations. In the case of corporations, they are taken at the expense of what would otherwise count towards profit.

It is interesting, if not a shade ironic, to note in passing that not far less than half of the profits made by business are now siphoned off by government in the form of taxes. Government, accordingly, stands to gain or lose almost as much as the owners when profits rise or fall.

Another reference frame is perhaps significant here.

In the post World War II period, profit before taxes of Canadian business increased at an average annual rate of 6½ percent. In that same period, personal incomes of Canadian households were increasing at an average annual rate of 7.7 percent, and individual take-home pay rose at a yearly rate of 7.1 percent. Thus growth in the benefits from enterprises to us as individuals has been greater than growth of business profits themselves.

How profit is distributed is also important. While the share retained in the business performs its grubstake function, that portion which is paid out as dividends fans out broadly through society. While the caricature of the coupon-clipping capitalist in spats, gold watch chain across well-filled waistcoat has still some currency, the typical shareholder investor is no such cardboard figure. The end recipient of corporate dividends is far more likely to be a retired person living on pension, a life insurance policyholder, or simply an ordinary person who owns some shares. The viability of pension funds and insurance programs depends heavily upon profit generation by the companies whose shares are held, and this means that literally millions of Canadians have a relatively direct stake in the profitability of publicly-owned companies. And, of course, many companies have widely dispersed share ownership, with many ordinary individuals owning shares. The Royal Bank affords a good example. Not only are thousands of individual Canadians listed as shareholders in the bank, many more own shares which are administered by and listed in the names of "nominees" such as lawyers and trust companies. In addition, more again participate indirectly in ownership of the bank through shares owned by

insurance companies, pension funds and investment companies, including mutual funds. For this considerable shareholder-investor constituency, profit obviously plays an important role.

The fact remains that profit, despite its blurred and somewhat tarnished image, exists as an economic mechanism serving higher purposes than many detractors presently ascribe to it. If this were not so, or if something else were proven to serve society better in practice, the profit concept could and should not survive. Though few today would characterize our profit-based enterprise economic system as perfect, and most are prepared to seek correction of its faults, the world has not yet seen a system providing as healthy a combination of material productiveness with personal liberty.

In our society's continual re-evaluation of its priorities, profits join with economics and politics in a seemingly endless round of argument. And in the polemics, the "dirty word" meaning of profit often floats to the top.

At the end of it all, however, it seems important to remember that probably the most important characteristic of our political and economic system — including the profit mechanism — is the decentralization of decision-making. In the electoral process politically, in the marketplace economically.

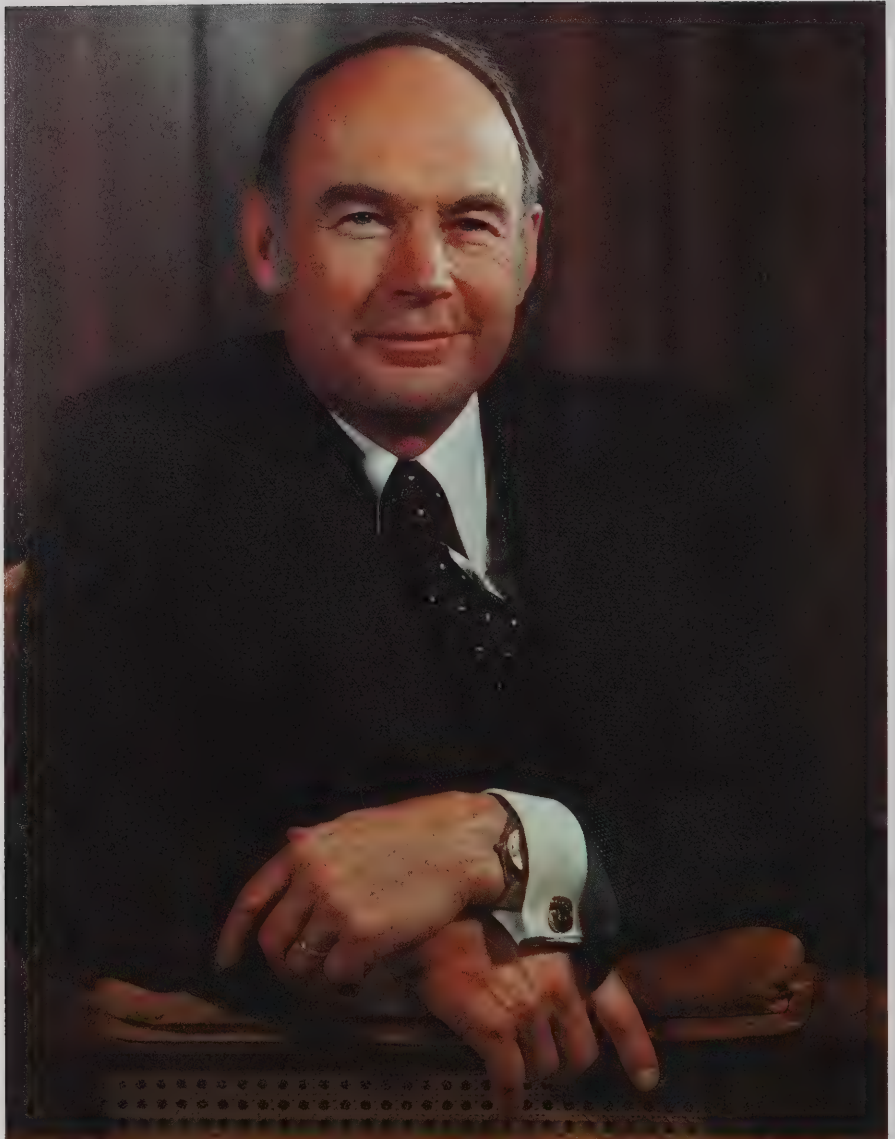
Our kind of system is based upon freedom of the individual purchaser's choice and upon the free interplay of enterprises competing to satisfy people's needs. It permits a maximum of individual freedom and encourages the exercise of individual initiative. Its characteristics lead to the optimum allocation of human and material resources to meet common goals. And in Canada, this system is in large measure responsible for our considerable improvements in social and material living standards over the years, achieved through constant efforts to increase real productivity and efficiency in discharging society's tasks. In that system, profit is the basic motivator in the drive to produce goods and services of the greatest social and economic value, while using the minimum of human and material resources.

The system includes many kinds of institutions, public and private, all of which exist under the general mandate of the people to provide desired goods and services in a manner consistent with the community's social and economic values. Thus, while the basic objectives of commercial enterprises may well be expressed as "to survive" and "to produce a profit," these goals are themselves merely necessary consequences of an even more fundamental purpose — *serving community needs*.

In this context, profits are valid and necessary, not only because they serve as an incentive to the investment which makes existence of the institutions possible in the first place, but because they are essential for the survival which makes possible continued service to society.

REPORT ON THE YEAR'S OPERATIONS

*by Rowland C. Frazee
Executive Vice-President
and Chief General Manager*



*Rowland C. Frazee
Executive Vice-President
and Chief General Manager*

Fiscal '74 was a year of unusual challenge to banks both at home and abroad. A variety of economic and political pressures focused the spotlight of public attention on our industry which has traditionally operated with a rather low profile.

At the Royal Bank, management was constantly alert to the changing economic conditions and, in the final analysis, I feel we successfully "rode the turbulence" without jeopardizing the fundamental commitment of our organization to provide all customers with an appropriate balance of services during this period of high inflation and other economic dislocations.

There is no lack of evidence that economic stress intensified on a worldwide basis during the year. Inflation continued to accelerate and the rate of economic growth declined sharply. While Canada had its own problems to contend with, it fared better than most countries during 1974

and I find it difficult to share the pessimistic outlook for our future that has been expressed in some circles. Certainly, we have left behind a period of rapid growth but the current economic prospects for this country are brighter than those of almost any other nation.

Looking back to 1974, perhaps the most dramatic developments were on the international scene. During the year, some isolated but spectacular foreign exchange losses and other reverses were incurred by banks in Europe and the United States. Canadian banks, however, were more fortunate simply because we do not seek the rewards or risk the losses that are inherent in foreign exchange speculation. The Royal's policy in this respect is to act only on behalf of its customers applying appropriate checks and balances to all foreign exchange transactions. The intent is to eliminate as much as possible the speculative element by avoiding establishment of a "position" in any given currency.

Our ability to respond appropriately to complex and fast changing economic situations is an important asset and one that has played a significant role in the bank's financial performance during the fiscal year just ended.

For the first time the bank's total assets exceed \$20 billion, and at fiscal year-end, they had grown to \$21.7 billion, up 18 per cent over the 1973 figure. Total revenues were more than \$1.9 billion, an increase of \$665 million, while total expenses increased \$646 million to \$1.7 billion. Our balance of revenue, therefore, increased by \$19 million or ten per cent to \$211 million. After provision for income taxes of \$104 million and an appropriation for losses of \$45 million, balance of profit was \$62 million or \$1.87 per share compared to \$58 million or \$1.74 per share in 1973. Of this amount, almost 60 per cent was paid to shareholders as dividends; \$36.6 million or \$1.10 per share in 1974, up from \$33.9 million or \$1.02 per share in 1973.

As I have noted, inflation was one of the dominant features of the Canadian economy in 1974. The real growth of 1973 continued only into the first half of the year and was negligible from that point on. However, last year's unprecedented loan demand continued until late in our fiscal year and this was reflected in continued growth of the bank's Canadian loans portfolio which increased 19 per cent.

The growth in money supply — while substantial — remained somewhat restrictive in relation to demand not only in Canada, but in the United States and many other countries. This anti-inflationary monetary policy forced interest rates to unprecedented levels and had a profound effect on the cost of raising funds. For example, at the Royal Bank the interest cost of deposits and debentures rose by over 80 per cent during the year. In response to these factors the Canadian prime rate continued its upward movement from nine per cent at the end of fiscal 1973 to a level of 11½ per cent towards the end of the bank's third quarter of fiscal '74.

In addition to the higher cost of funds, the bank experienced increased non-interest expenses resulting from higher business volumes, and also from inflationary pressures. Non-interest expenses, which include salaries, property expense and other operating expenses showed an overall increase of 26 per cent to \$485 million.

Having summarized briefly the highlights of this year's performance,

BRIEF REVIEW OF FINANCIAL HIGHLIGHTS

I would like to add a longer term perspective. Clearly, the most important measure of financial performance rests in the ability to produce consistently good earnings. In this respect, I believe that the bank's record of 13 per cent average annual compound growth for the last five years speaks for itself.

From time to time, and especially during periods of economic downturns, the question of what constitutes an appropriate level of bank capital, is raised. Although somewhat superficial, if it is the only criteria applied, the ratio of deposits to capital can be an effective indicator of the relative adequacy of capital levels. While no authoritative definition exists for what comprises bank capital, we consider it to include shareholders' equity and our reserves of accumulated appropriations set aside to meet potential extraordinary losses. These appropriations, incidentally, are not for losses that are expected or foreseen but are a prudent method of offsetting the risk inherent in any banking operation. Long-term debt, in the form of debentures, is also a component of bank capital.

Defined in this manner, our deposit to capital ratio at October 31, 1974, was 21.9, or \$21.90 of deposits to each dollar of capital. However, we recently raised \$75 million of new capital by an issue of debentures which, using our year-end figures for deposits results in a ratio of 20 to one — virtually unchanged from a year earlier.

ORGANIZING FOR CHANGE

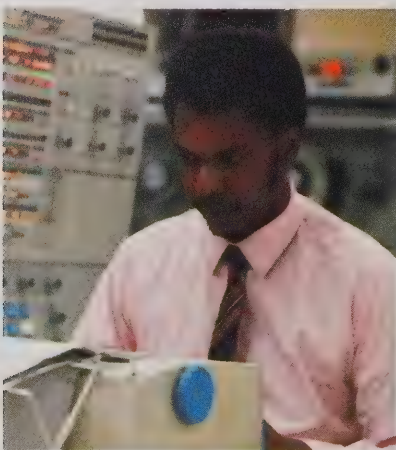
Any successful business venture requires a clear set of corporate goals and objectives and a strong organization through which they can be achieved. In my last report, I outlined a basic corporate philosophy designed to assist us in the definition and pursuit of our objectives. In 1974, this evolutionary process involved a critical examination of our organization structure which resulted in certain changes that will contribute to more effective long-range management. The tangible results of our efforts during the year became visible with the realignment of divisional responsibilities at Head Office and the introduction of a new organizational concept to the bank's field operations on November 1.

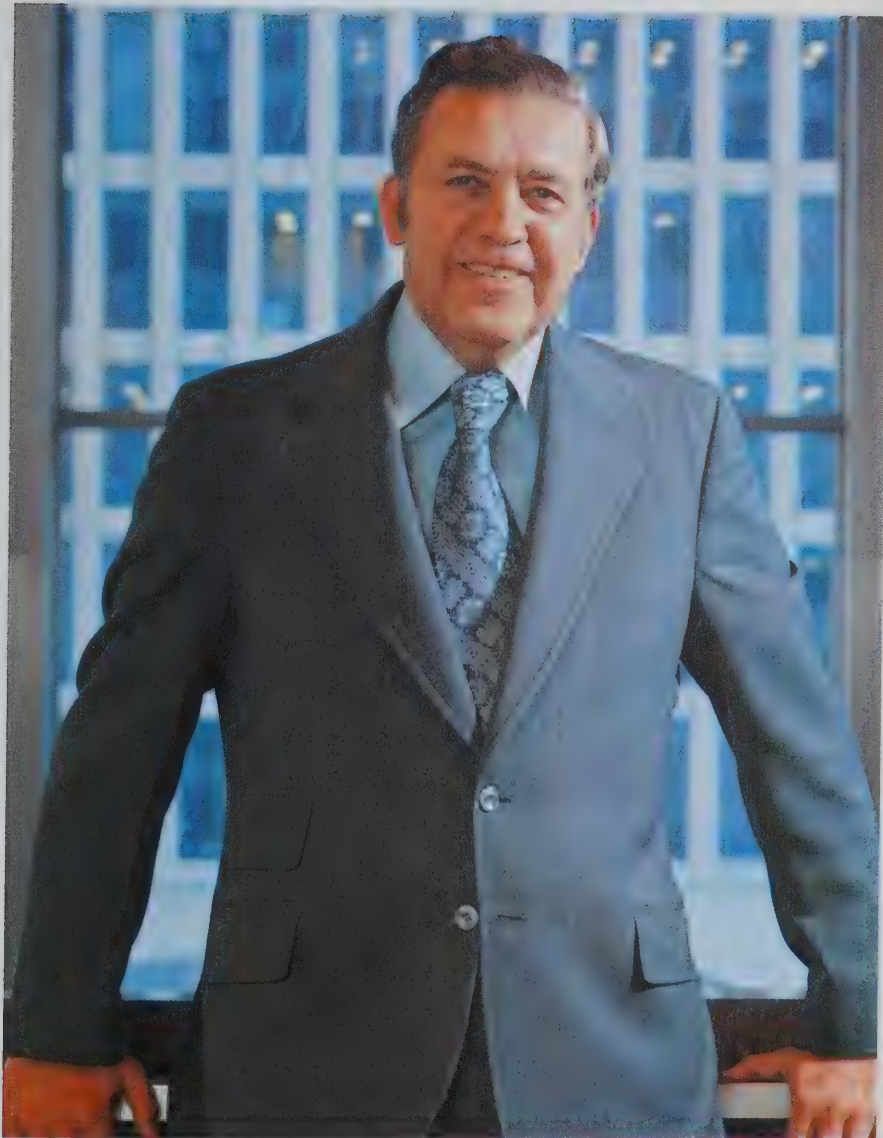
While there have been occasional modifications, our organization up to this point was based on major policies adopted in 1967. Since then, the bank has experienced tremendous growth and the range of services it provides has become far more complex and diverse in nature. For example, assets have increased from \$8 billion to more than \$21 billion, almost 300 new branches have been established in Canada alone, and the bank's staff has grown by over 10,000 people. At the same time, marketing techniques and computer systems, in their infancy seven years ago, have had an important impact on the Royal's operations. The effect of these factors and others created new and greater demands on the existing organization.

Reorganization has helped to strengthen our management structure. Having established the framework, our attention is now directed towards the provision of stronger mandates for managers with clearer accountability and appropriate authority. Implicit in this is the wish to streamline the whole decision-making process by creating a tighter, more compact organization which utilizes more fully existing managerial resources.

The realignment of divisional responsibilities at Head Office involved the creation of three banking divisions — Canada, International, and Corporate Banking — organized around domestic and international

Computer specialists are an important link between technology and our customer service capability.





H. E. Wyatt
Senior Vice-President and
General Manager,
Canada Division

markets and two "corporate resource" divisions — Finance and Investments, and Administration — providing support to top management, to the banking divisions and, to our field operations.

In the field, we have reduced the number of branches in each administrative region by creating nine Canadian districts where previously there were eight — enabling the bank to focus its total resources more sharply on the particular markets served by the branches.

The principle of providing each branch manager — the central figure in the entire system — with a highly trained support staff is consistent with our *commitment to bring decision-making management closer to our customers*. The approach is similar in concept to that already in effect in our International Division and the benefits of this planning in international markets have already proven to be substantial.

INTERNATIONAL GROWTH

As a result, despite the fact that our international growth was tempered with reasonable concern for deteriorating economic conditions in many of our foreign markets, our operations outside Canada enjoyed a good year. We successfully expanded services and facilities for clients abroad and for those Canadian customers involved in international business. In doing so I believe that we have reaffirmed what by now should be a matter of record. *We are an international bank and fully realize that this is one of our most compelling strengths — in fact, perhaps the most important factor contributing to our stature as one of the world's major banks is our outward orientation.*

In May, we announced the formation of Equator Bank Limited. This joint merchant banking venture represents the first direct participation of its kind in independent Africa by a Canadian banking institution. But more importantly, Equator fills a need that was not previously being met — enabling those African nations that are already expanding their economies to accelerate their development.

In Africa, the need is for off-shore sources of funds for internal investment. Quite the reverse is the case in the Middle East where the oil-rich Arab states have a massive capital surplus. The investment of some of these funds has involved various international banks, including the Royal which, through its subsidiary The Royal Bank of Canada (Middle East) S.A.L., has firmly established roots in Beirut, Lebanon. During the year, representation in this area was further broadened with the establishment of Roy MidEast Investments Limited, a wholly-owned venture capital and merchant bank.

Activities during the year in the Pacific Rim region represent a consolidation of projects initiated over the past several years. InchRoy Credit Corporation Limited, a joint venture finance and investment company, with the respected Inchcape group of companies, expanded into Singapore as projected and plans were made to establish a sister company in Brunei.

Permission was also received to establish a limited branch of the bank in Singapore and to operate an Asian Currency Unit there. This branch also will assume representative responsibilities for Indonesia.

Earlier in the year we established ourselves in the Philippines, acquiring a 30 per cent equity in a local bank which was re-named Traders Royal Bank, Manila.

In Latin America and the Caribbean, the expansion of branch activities continued where opportunities permitted. In addition, a subsidiary, Roywest Banking Corporation Limited, jointly with The Royal Bank of Canada International Limited, acquired all the shares of Nassau-based Bishops International Bank.

While the Royal's representation in the United States is strong and well balanced, further expansion in this market continues to be inhibited by the unresolved question of reciprocity at the government level.

DOMESTIC OPERATIONS EXPAND

By contrast, however, the economic concerns which affected our International Division had much less impact domestically. The strong economic growth in Canada that prevailed throughout 1973 carried through into the first two quarters of the fiscal year. But by the year-end, the predicted slackening in Canada's economic tempo had begun to influence business conditions.



*B. J. McGill
Senior Vice-President and
General Manager,
International Division*

The depressed state of Canada's bond and equity markets compelled many large corporate borrowers to turn increasingly to the banks for financing. And faced with the problem of declining liquidity, the Royal adopted a selective loaning policy to ensure an adequate flow of funds to key segments of the economy. Our objective was to favour those without access to other sources of funds, particularly with respect to consumer mortgages and loans to farmers and small businesses and especially to regions of economic disparity.

Of course, the services of a bank are not limited to its loans operations and while considerable attention and energy were devoted to the management of the bank's asset and liability portfolios during this period of changing economic circumstances, we continued to improve our service capability. One example of this — where customer acceptance far surpassed

expectations — is Royal Certified Service — a combination of the most frequently used personal banking services which was introduced late last year.

In the final analysis, the chief measure of a bank's operating capacity is the degree of efficiency with which customer deposits and payment transfers are handled. In this context, many of the significant innovations that were made during the year passed unnoticed because they are designed primarily to improve our internal efficiency and customer service capability. I am thinking here of the tremendous investment we continue to make in the computer side of our business. For example, On-Line Savings were introduced during the year in Greater Vancouver, Calgary, Edmonton and Halifax. This system enables us to provide customers with a virtually instantaneous record of deposits and withdrawals without time-consuming manual checks. Account transactions are stored on computer and can be readily retrieved by tellers using equipment at the branch counter.

COMPUTERIZATION PROGRAM ADVANCES

As more computerized systems are integrated into the bank's day-to-day operations, the need for regional processing centres increases. Responding to these needs, the bank opened two more regional data centres in 1974, one in Saint John, New Brunswick and the other in Ottawa. The advances we have made in electronic processing have enabled the bank to cope with dramatic increases in volume over the past several years. To give you some idea of what this means in concrete terms, we process as many as 3.4 million cheques in a single day, a task that would be impossible today using manual techniques. This computerization of the bank's operations will continue where beneficial and, of course, cost-effective.

As I mentioned earlier, the Royal Bank is committed to providing a balanced range of services. And with that commitment comes the challenge not only of ensuring the availability of funds in each market or region of Canada but also of providing services that specifically meet the needs of particular customer groups.

Our approach to meeting these specialized needs manifests itself in many ways. But the bank's Farmplan program is a good example of the process through which a total service capability evolves.

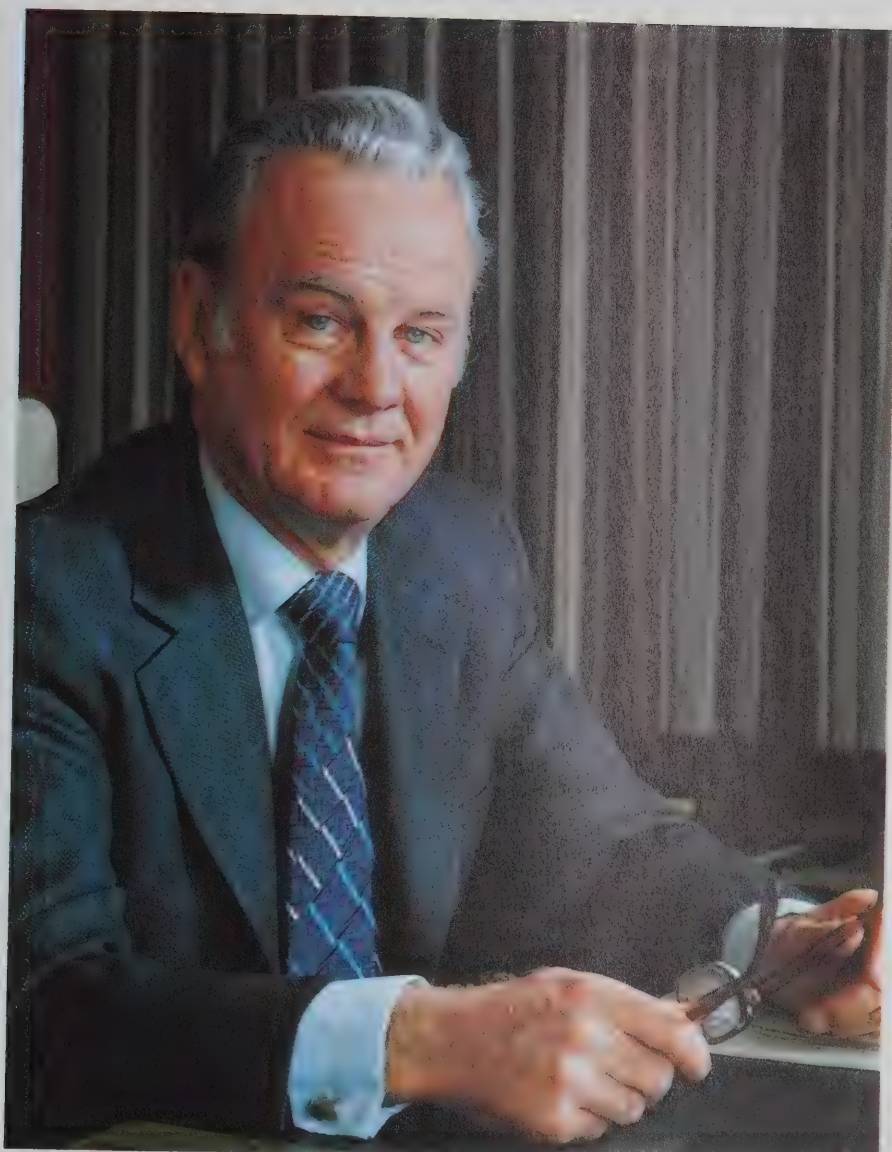
Loans to Canadian farmers represent a significant part of our business — more than \$650 million in 1974. Recognizing that services devised for our consumer or corporate customers don't necessarily meet the needs of our farm customers, we set about developing programs for Canadian farmers.

Initially, we directed attention to the development of loaning policies taking into account the farmers' particular needs. This, in turn, led to the formation of an agricultural services group now staffed by 15 agrologists, located in district offices across Canada. It is the task of these agrologists to provide support and counsel to both branch managers and their customers. It was their group, for instance, that introduced Farmplan — a special credit system initiated several years ago — which is now available from coast to coast and Farmchek — a ready-made cash flow and accounting service, using specially coded cheques and deposit slips that makes record keeping easier and is invaluable for income tax purposes.

Our latest move has been the introduction of the Agribank concept. Located in key farming areas, these special branches are staffed by managers with specific experience in agricultural financing. Much of the customer

*Canadian farmers represent
a significant part
of our business — more than
\$650 million in 1974.*





*J. C. McMillan
Senior Vice-President
and General Manager,
Corporate Banking Division*

contact is made on the farm rather than in the branch because a busy farmer has little time to get into town to discuss his financial needs.

The farmers' urban counterpart, the small businessmen, represents a client group that the Royal considers to be particularly important and we are determined to move further ahead in our commitment to these customers — in terms of both financial and human resources.

In the realm of banking, if it is the big corporate accounts that afford our industry its magnitude and glamour, then it is surely our countless small business accounts that provide true substance and depth. In our quest to maintain a strong Canadian base, the Royal Bank has always recognized that the independent businessman is the mainstay of our operations.

This commitment was emphatically reaffirmed in 1974 with the creation of a new function within the bank — that of independent business

coordinator. Each of our Canadian districts has now appointed a coordinator — a senior staff member particularly familiar with small business lending — to provide support and counsel to branch managers with small business accounts.

Accessibility of services is as important as the services themselves. And the Royal has consistently led the way in providing banking facilities where they are needed, when they are needed. For example, included in the 62 new branches opened in Canada this year is a branch at LG 2, the operational base for the James Bay Development project in Northern Quebec. From there, we will operate as many as six satellite “service centres” as the need arises during each phase of the project.

This policy of meeting special needs and opportunities as they are perceived carries through in another way to the community branch concept which I described last year. The success of these branches hangs to a very large extent upon the acceptance gained in the communities they are designed to serve. And I am pleased to report that the positive response to our first community branch, opened last year in Montreal, has led to the establishment this year of similar branches in low income areas of Toronto and Winnipeg.

STAFF IMPORTANT

Sophisticated systems and innovative facilities such as I have been describing have enabled us to provide a wide range of financial services. But in the final analysis, it is our staff that makes it all happen. And just as they make an investment in terms of time and commitment to the bank, so, too, do we feel a strong sense of obligation to them — a staff of more than 30,000 people in our world-wide operations.

This sense of obligation manifests itself in many ways — providing opportunities for self development, continuing education and specialized training. It also involves developing an environment in which the individual has a greater sense of responsibility coupled with clear understanding of what is expected by the bank.

We are making strong headway in this direction. This year, for example, we introduced a far-reaching program known as R.S.V.P., designed to provide employees with a private and personal opportunity to communicate with management.

Last year, I discussed at some length the role of women in banking. At that time I emphasized that the bank’s policy with regard to women is to provide equitable treatment and full opportunity, and I indicated that we were moving steadily in the right direction. That belief has not changed in 1974, and I can report that the number of women gaining experience that will qualify them for more senior management positions continues to increase at an encouraging rate.

In recognizing the contributions made this year by all members of the staff, I would like to mention three in particular who, until their retirement during the year, served the bank with distinction throughout their careers.

J.H. Cornish retired from the bank in December 1973 as Vice-President and General Manager, Administration, following a career that spanned 46 years. Extensively involved in the personnel area, Mr. Cornish was the prime architect of major changes that were to result in an employee

Accelerated management programs involved informal study session on the University of Guelph campus last summer.





*T. S. Dobson
Senior Vice-President
and General Manager,
Finance & Investments Division*

benefits program second to none. He was also prominent in developing the excellent depth of management in the bank today. At mid-year, the bank lost the services of Senior General Manager, R.W. Shannon who retired after 37 years of service. Mr. Shannon made significant contributions to the expansion of the bank's international operations and is well known to many of our clients outside Canada. At the end of the fiscal year, W. Moodie reached mandatory retirement age following 38 years with the bank most recently with responsibility for the overall asset management in his position as Vice-President and General Manager, Loans and Investments.

SOCIAL RESPONSIBILITY

Before concluding this report, I would like to comment on a concept not easily defined — social responsibility. I think of it as “decisions and actions that we in the bank take for reasons that are somewhat beyond our short-term business interest but, nevertheless, related to our long-range goals.”

It has two aspects. The first is that we have a broad obligation to the community on financial developments affecting the public welfare including, of course, the provision of banking services. And the second is that we have a moral obligation to nurture and develop human values.

For our staff, this means providing a healthy and stimulating environment in which to work. It means providing challenge and recognizing achievement. And it involves compensating employees fairly for their endeavours. In this latter area, we continue to ensure that they enjoy competitive rates of compensation both in terms of salaries and benefits. To enable them to cope with rising living costs, salary ranges have been adjusted upwards. And the bank now has one of the most generous, non-discriminatory employee benefits programs in North America.

The provision of financial services includes not only, responding to needs and expectations but also taking a broader perspective of the public interest. For example, in 1974 we substantially reduced mass media advertising of our Termplan consumer loans and concentrated instead on the promotion of Bonus Savings Accounts — in the belief that the country's interests were better served by encouraging saving rather than spending during this period of demand induced inflation.

We also remain committed to an ongoing consumer education program developed with the specific objective of upgrading consumer understanding of general finance and personal money management. Now in its third year, the program includes teacher's kits which have been distributed to almost every secondary school and university in Canada, educational films and informative booklets. The program also has been received most enthusiastically by a variety of other institutions ranging from penitentiaries to police departments and by community organizations of all kinds. In the course of developing this program, more than one million copies of our consumer booklet, *Your Money Matters*, have been distributed.

As a major financial institution, we exist only with society's endorsement. Just as the individual devotes himself to pursuits that go beyond responsibility to the immediate family or the community, so does the bank have a role that transcends its business responsibilities. An example of this is The Royal Bank Award which is our way of recognizing Canadians who in some way have served to enrich Canadian life. The recipient of the 1974 Award was Jean Gascon who, as artistic director of the Stratford Festival for the past seven years, has made a unique contribution to both the English and French theatre in Canada.

Similarly, our sponsorship of the Canadian Junior Olympics Program is a means of providing opportunities for young people. The program, which grew substantially in 1974, may not necessarily create Olympic calibre athletes but it does assist sports organizations of all levels in providing the youth of this country with a healthy, competitive environment in which to develop physically.

In conclusion, by far the greatest contribution to society made by the Royal comes from its employees. In communities across Canada, and

*Recipient of the 1974
Royal Bank Award was
Jean Gascon, former
artistic director of
the Stratford Festival.*





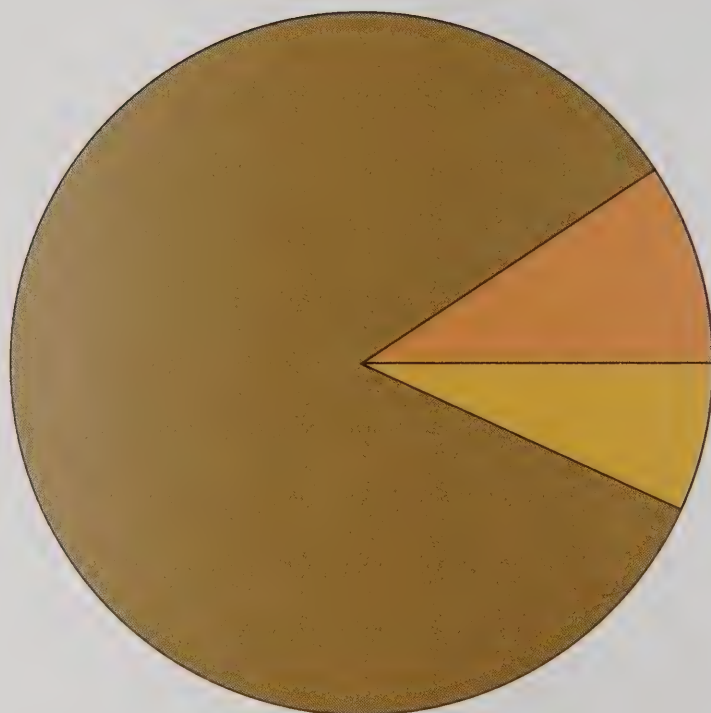
*W. L. Arthur
Senior Vice-President
and General Manager,
Administration Division*

in other countries, Royal Bankers are involved in local activities of all kinds, devoting time, energy and talent to various worthwhile endeavours.

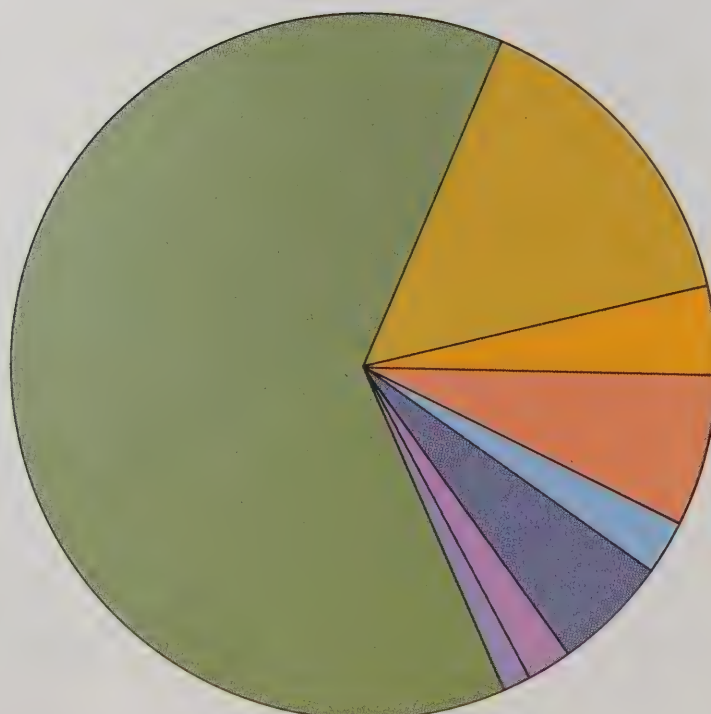
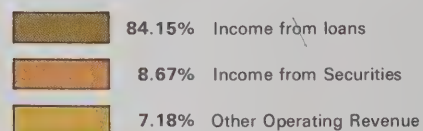
Year after year, people in my position have endeavoured at this time to find different ways to commend the bank's employees for their year's performance. And over the years, the same message has been repeated perhaps to the point of being meaningless. After all, it is the expected thing, and it is a good way to end this kind of report. But more than a token gesture of thanks, this is something which I feel personally, and very deeply. To all those who have worked so hard to make this year such a satisfying one, I extend my sincere thanks.

The Income Dollar: where it came from... and where it went

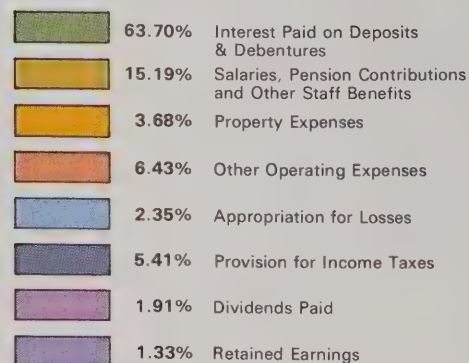
Insight into the patterns of our business is provided by analysis of the sources of the bank's revenue dollar, and of the ways in which it was shared with depositors, employees, suppliers of goods and services, governments and shareholders. The chart (lower left) illustrating distribution of the revenue dollar indicates that our largest expense items were: interest on deposits, salaries, pension contributions and other staff benefits. Property and other operating expenses accounted for 10% of total revenue. About 5½ cents of the revenue dollar went to governments in the form of income taxes. This amount represents 49% of balance of revenue.



**SOURCES OF THE 1974
REVENUE DOLLAR**



**DISTRIBUTION OF THE 1974
REVENUE DOLLAR**



FINANCIAL STATEMENTS

20

Statement of Revenue, Expenses and Undivided Profits

	Year Ended October 31 1974	Year Ended October 31 1973
REVENUE		
Income from loans	\$ 1,613,365,118	\$ 1,015,923,195
Income from securities	166,220,236	120,509,735
Other operating revenue	137,568,647	115,364,491
Total Revenue	\$ 1,917,154,001	\$ 1,251,797,421
EXPENSES		
Interest on deposits and bank debentures	\$ 1,221,258,205	\$ 673,477,041
Salaries, pension contributions and other staff benefits	291,196,479	233,661,475
Property expenses, including depreciation	70,502,843	56,729,614
Other operating expenses, including provision for losses on loans based on five-year average loss experience	123,194,124	95,785,068
Total Expenses	\$ 1,706,151,651	\$ 1,059,653,198
Balance of revenue	\$ 211,002,350	\$ 192,144,223
Provision for income taxes relating thereto (note 2)	103,800,000	92,900,000
Balance of revenue after provision for income taxes	\$ 107,202,350	\$ 99,244,223
Appropriation for losses	45,100,000	41,350,000
Balance of profits for the year (per share 1974 — \$1.87; 1973 — \$1.74)	\$ 62,102,350	\$ 57,894,223
Dividends (per share 1974 — \$1.10; 1973 — \$1.02)	36,590,400	33,929,280
Amount carried forward	\$ 25,511,950	23,964,943
Undivided profits at beginning of year	1,246,435	4,781,492
Transfer from accumulated appropriations for losses	—	25,000,000
Transferred to Rest Account	\$ 26,758,385	53,746,435
Undivided profits at end of year	\$ 1,758,385	1,246,435

ASSETS	October 31 1974	October 31 1973
Cash and due from banks	\$ 3,974,187,112	\$ 4,750,666,251
Cheques and other items in transit, net	588,996,084	588,316,042
Total Cash Resources	\$ 4,563,183,196	\$ 5,338,982,293
Securities issued or guaranteed by Canada, at amortized value	\$ 2,052,036,659	\$ 1,667,802,278
Securities issued or guaranteed by provinces, at amortized value	59,187,826	64,602,582
Other securities, not exceeding market value	701,644,694	411,573,107
Total Securities	\$ 2,812,869,179	\$ 2,143,977,967
Day, call and short loans to investment dealers and brokers, secured	\$ 220,885,489	\$ 300,035,912
Other loans, including mortgages, less provision for losses	12,492,145,650	9,672,014,688
Total Loans	\$12,713,031,139	\$ 9,972,050,600
Bank premises at cost, less amounts written off	\$ 168,306,201	\$ 137,749,213
Securities of and loans to corporations controlled by the bank	153,585,502	118,376,159
Customers' liability under acceptances, guarantees and letters of credit, as per contra	1,248,981,767	642,777,031
Other assets	9,922,834	9,622,096
	\$21,669,879,818	\$18,363,535,359

Assets and Liabilities

LIABILITIES	October 31 1974	October 31 1973
Deposits by Canada	\$ 272,618,715	\$ 386,997,682
Deposits by provinces	237,215,461	511,451,756
Deposits by banks	3,135,311,777	2,982,552,651
Personal savings deposits payable after notice, in Canada, in Canadian currency	7,044,902,944	5,399,824,901
Other deposits	8,751,323,616	7,519,474,173
Total Deposits	\$19,441,372,513	\$16,800,301,163
Acceptances, guarantees and letters of credit	\$ 1,248,981,767	\$ 642,777,031
Other liabilities	91,115,972	70,347,256
Total Sundry Liabilities	\$ 1,340,097,739	\$ 713,124,287
Debentures issued and outstanding (note 3)	\$ 125,000,000	\$ 125,000,000
Accumulated appropriations for losses	\$ 246,623,181	\$ 233,835,474
Capital stock:		
Authorized — 50,000,000 shares of \$2 each <u>\$100,000,000</u>		
Issued and fully paid — 33,264,000 shares	\$ 66,528,000	\$ 66,528,000
Rest Account, increased by a transfer from undivided profits of \$25,000,000 (1973 — \$52,500,000)	448,500,000	423,500,000
Undivided profits	1,758,385	1,246,435
Total Shareholders' Equity	\$ 516,786,385	\$ 491,274,435
	\$21,669,879,818	\$18,363,535,359

W. EARLE McLAUGHLIN,
Chairman and President

ROWLAND C. FRAZEE,
Executive Vice-President and Chief General Manager

Notes to the Financial Statements

1. The financial statements include the assets and liabilities and results of operations of all significant subsidiaries whose accounts are permitted by the provisions of the Bank Act to be consolidated with those of the Bank; namely:

The Royal Bank of Canada (France)	RoyEast Investments Limited
The Royal Bank of Canada (Middle East) S.A.L.	RBC Finance B.V.
The Royal Bank of Canada International Limited and subsidiaries	RoyAust Pty. Limited
RBC Houdstermaatschappij B.V.	The Royal Bank of Canada (Channel Islands) Limited
RBC Holdings B.V.	and subsidiary

As required by the Bank Act, the statements of assets and liabilities of significant subsidiaries not consolidated are included separately in these annual statements.

2. On November 18, 1974 the Minister of Finance of Canada announced the intention of the government to impose a 10% income tax surtax on certain companies and to reduce the amount of tax deductible reserves for certain financial institutions. Both of these changes are intended to be retroactive to May 1, 1974; if passed into law, they will increase the income taxes to be paid by the Bank for its fiscal year ended October 31, 1974 by \$19 million and the effect has therefore been included in these financial statements. Of this amount, \$4 million is included in the provision for income taxes in the statement of revenue, expenses and undivided profits; the balance of \$15 million represents the income tax credit which would have otherwise been available to the Bank, and which would have been added to accumulated appropriations for losses, if it were not the government's intention to reduce the level of tax deductible reserves.

The total tax provision for the year of \$104,002,000 (\$90,456,000 in 1973) is included in the financial statements as follows:

	1974	1973
In the statement of revenue, expenses and undivided profits	\$103,800,000	\$ 92,900,000
In the statement of accumulated appropriations for losses:		
Related to tax deductible appropriations	—	(3,500,000)
Related to taxable capital gains on securities and other transactions	202,000	1,056,000
Total tax provision for the year	<u>\$104,002,000</u>	<u>\$ 90,456,000</u>

3. The debentures, subordinate to the claims of depositors and other creditors and subject to sinking fund provisions, consist of:

	1974	1973
7% April 15, 1991 (maturity on April 15, 1977 at the option of the holder)	\$ 75,000,000	\$ 75,000,000
7½% December 1, 1987 (maturity on June 1, 1979 at the option of the holder)	50,000,000	50,000,000
	<u>\$125,000,000</u>	<u>\$125,000,000</u>

The Bank will issue an additional \$75,000,000 of 10% debentures to be dated December 3, 1974 and to mature on December 1, 1994 subject to the right of the holder of any debenture to elect that such debenture mature on December 1, 1984. The net proceeds of the issue will be available to the Bank for use in its banking business.

4. The Bank is engaged in the construction in Toronto of Royal Bank Plaza, a major office complex in which the Ontario headquarters of the Bank will be relocated. At October 31, 1974, the amount remaining to be spent to complete the complex is estimated at \$125,000,000.

Auditors' Report

To the Shareholders, The Royal Bank of Canada:

We have examined the statement of assets and liabilities of The Royal Bank of Canada as at October 31, 1974 and the related statements of revenue, expenses and undivided profits and accumulated appropriations for losses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the Bank as at October 31, 1974 and its revenue, expenses and undivided profits and its accumulated appropriations for losses for the year then ended.

Montreal, November 25, 1974

M. LAIRD WATT, C.A.
of Price Waterhouse & Co.

ROBERT M. RENNIE, C.A.
of Touche Ross & Co.

Auditors

Statements of Assets and Liabilities of Controlled Corporations

THE ROYAL BANK OF CANADA TRUST COMPANY (Incorporated under the laws of the State of New York)

Statement as at October 31, 1974 (In U.S. Dollars; Canadian equivalent \$.985)

ASSETS		LIABILITIES	
Cash and due from banks	\$ 14,670,288	Deposits, demand	\$ 67,373,154
United States Government securities, at amortized value	5,518,898	Deposits, time	39,388,380
Other securities, at amortized value	56,427,473	Deposits by banks	1,978,959
Loans and discounts	43,723,971	Letters of credit	4,842,610
Real estate, buildings and equipment, at cost less accumulated depreciation	7,018,795	Other liabilities	824,321
Customers' liability under letters of credit	4,842,610	Capital stock fully paid (100,000 shares of \$100 each)	10,000,000
Other assets	2,631,845	Surplus Fund	2,038,000
		Undivided profits	8,388,456
	\$134,833,880		\$134,833,880

NOTES: (1) The Royal Bank of Canada owns the entire capital stock of The Royal Bank of Canada Trust Company with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at U.S. \$9,992,000.

(2) Under New York Banking Law the Surplus Fund is not available for the payment of dividends. The Fund must be built up to 65% of capital stock and until this has been accomplished transfers of not less than 10% of each year's net income must be made to the Fund.

GLOBE REALTY CORPORATION, LIMITED (Incorporated under the laws of Canada)

and its wholly owned subsidiary company

Globe Building Corporation

Condensed Consolidated Statement as at October 31, 1974 (In Canadian Dollars)

ASSETS		LIABILITIES	
Cash in bank	\$ 23,743	Accounts payable and other liabilities	\$ 10,000
Balance due on sale of property	600,000	The Royal Bank of Canada	19,300,581
Real estate, buildings and equipment, at cost less accumulated depreciation (note 2)	38,173,996	First mortgage bonds: Series C, due August 1, 1975	1,000,000
Other assets	86,306	Capital stock fully paid (40,320 shares of \$100 each)	4,032,000
		Surplus	14,541,464
	\$ 38,884,045		\$ 38,884,045

NOTES: (1) The Royal Bank of Canada owns the entire capital stock of Globe Realty Corporation, Limited. This investment is carried on the books of the Bank at \$1,614,000.

(2) In accordance with agreements providing for the leasing of certain lands to third parties, Globe Realty Corporation, Limited has pledged lands having a cost of \$8,762,792 as part of the security for mortgages arranged by the third parties on the properties. The terms of the agreements provide that buildings on these lands become the property of the Corporation at the expiration of the leases.

Controlled Corporations (continued)

THE ROYAL BANK OF TRINIDAD AND TOBAGO LIMITED (Incorporated under the laws of Trinidad and Tobago)

and its wholly owned subsidiary company

Royal Bank Trust Company (Trinidad) Limited

Consolidated Statement as at September 30, 1974 (In Trinidad and Tobago Dollars; Canadian equivalent \$.486)

ASSETS		LIABILITIES	
Cash and due from banks	\$ 22,627,688	Deposits	\$223,573,399
Cheques and other items in transit, net	1,045,266	The Royal Bank of Canada	3,225,874
Securities, at cost	21,995,301	Acceptances, guarantees and letters of credit	17,671,592
Loans and advances, less provision for losses	188,444,623	Provision for income taxes	1,228,962
Real estate, buildings and equipment, at cost less accumulated depreciation	7,598,483	Other liabilities	1,599,992
Customers' liability under acceptances, guarantees and letters of credit	17,671,592	Capital stock fully paid (8,000,000 stock units of \$1 each)	8,000,000
Other assets	26,365	Surplus	4,109,499
	\$259,409,318		\$259,409,318

NOTE: The Royal Bank of Canada owns 81% of the capital stock of The Royal Bank of Trinidad and Tobago Limited. This investment is carried on the books of the Bank at Can. \$3,424,071.

THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED (Incorporated under the laws of Great Britain)

and its wholly owned subsidiary company

The Royal Bank of Canada Trust Corporation Limited

Consolidated Statement as at September 30, 1974 (In Sterling; Canadian equivalent \$2.303)

ASSETS		LIABILITIES	
Cash and due from banks	£ 8,605,549	Deposits	£ 11,305,354
Securities, at cost	730,598	Accounts payable and other liabilities	286,888
Loans and advances	44,539,842	The Royal Bank of Canada	38,224,491
Other assets	7,511	Capital stock fully paid (3,750,000 shares of £1 each)	3,750,000
		Surplus	316,767
	£ 53,883,500		£ 53,883,500

NOTE: The Royal Bank of Canada owns the entire capital stock of The Royal Bank of Canada Holdings (U.K.) Limited. This investment is carried on the books of the Bank at Can. \$8,629,125.

THE ROYAL BANK JAMAICA LIMITED (Incorporated under the laws of Jamaica)

and its wholly owned subsidiary company

Royal Bank Trust Company (Jamaica) Limited

Consolidated Statement as at September 30, 1974 (In Jamaican Dollars; Canadian equivalent \$1.10)

ASSETS		LIABILITIES	
Cash and due from banks	\$13,987,031	Deposits	\$70,551,386
Cheques and other items in transit, net	2,635,877	The Royal Bank of Canada	4,563,570
Securities, at cost	2,758,687	Acceptances, guarantees and letters of credit	9,201,743
Loans and advances, less provision for losses	56,637,663	Other liabilities	1,012,921
Real estate, buildings and equipment, at cost less accumulated depreciation	2,589,310	Capital stock fully paid (3,000,000 stock units of \$1 each)	3,000,000
Customers' liability under acceptances, guarantees and letters of credit	9,201,743	Surplus	1,128,841
Other assets	1,648,150		
	\$89,458,461		\$89,458,461

NOTE: The Royal Bank of Canada owns 75% of the capital stock of The Royal Bank Jamaica Limited. This investment is carried on the books of the Bank at Can. \$2,532,005.

Auditors' Report

To the Shareholders, The Royal Bank of Canada:

We have examined the statements of assets and liabilities of controlled corporations of The Royal Bank of Canada as at the dates indicated. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the corporations as at the dates indicated.

Montreal, November 25, 1974

M. LAIRD WATT, C.A.
of Price Waterhouse & Co.

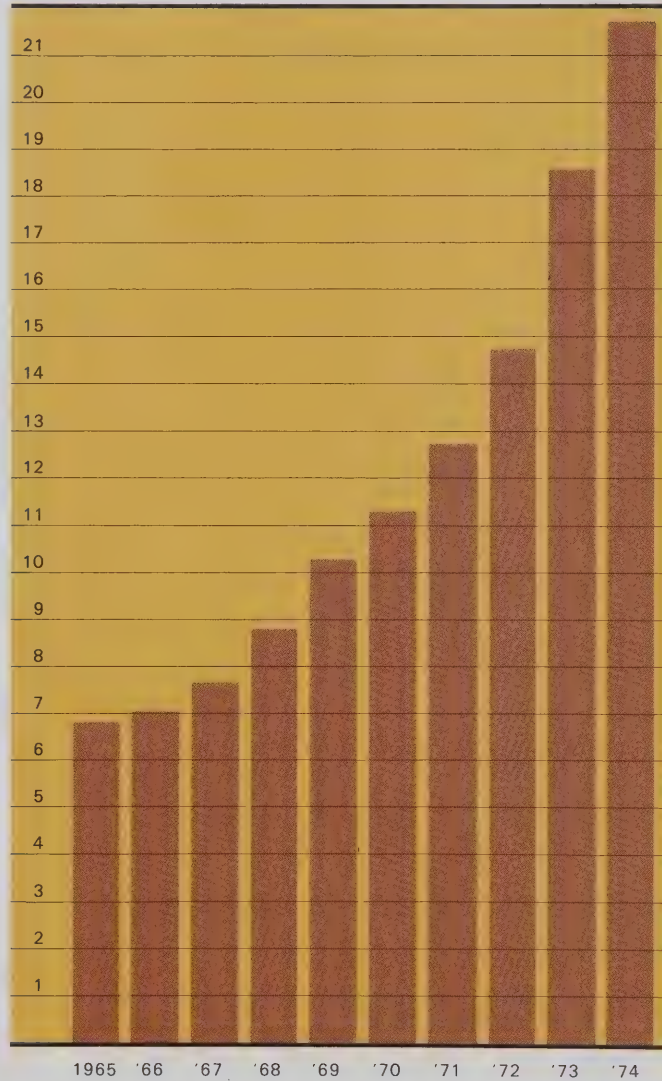
ROBERT M. RENNIE, C.A.
of Touche Ross & Co.

Auditors

Ten Year Statistical Review

GROWTH OF TOTAL ASSETS OVER THE LAST TEN YEARS

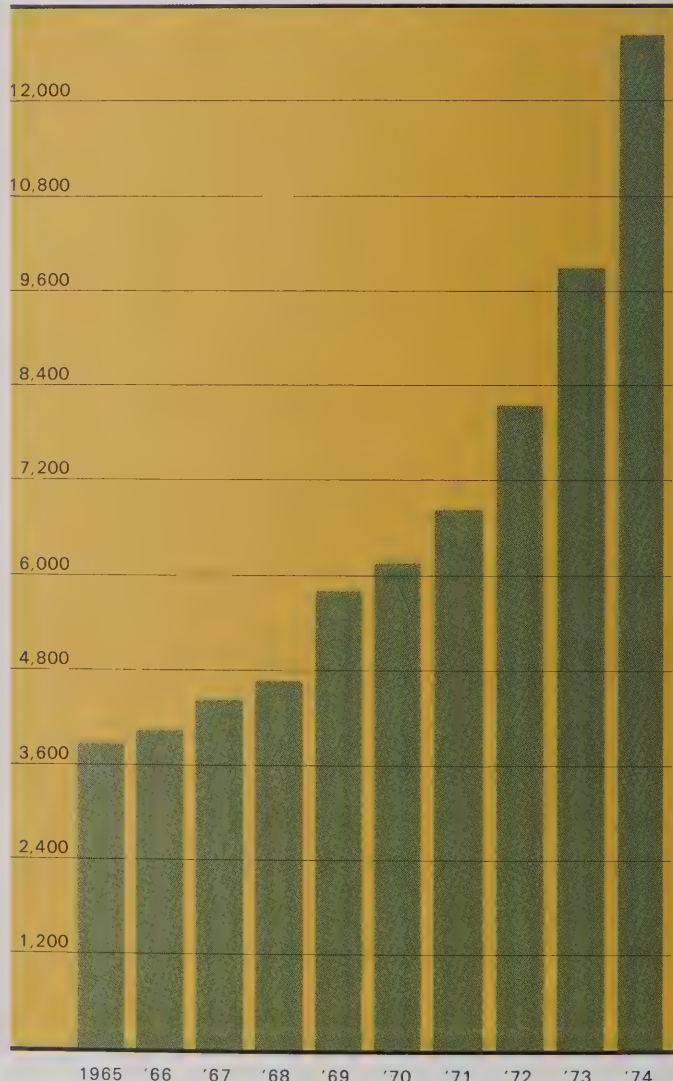
\$ 22 BILLIONS



NOTE: because the bank's year-end was moved from November 30 to October 31 in 1965, that year—in the above and following charts—is calculated on an 11 month basis.

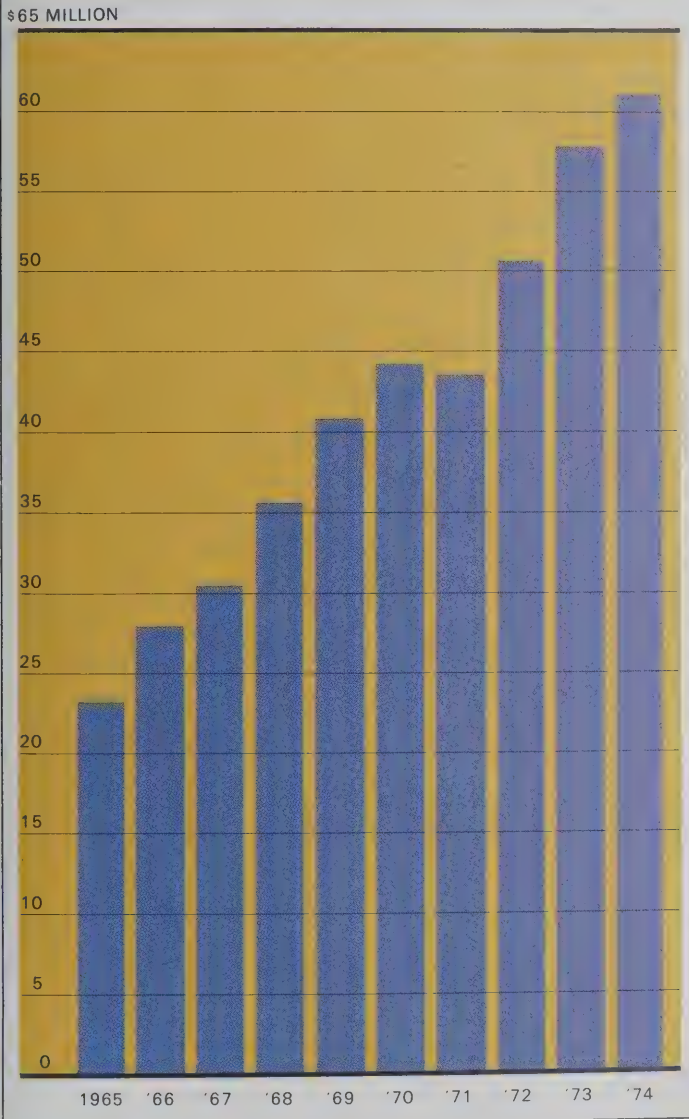
GROWTH OF TOTAL LOANS OVER THE LAST TEN YEARS

13,200 BILLIONS



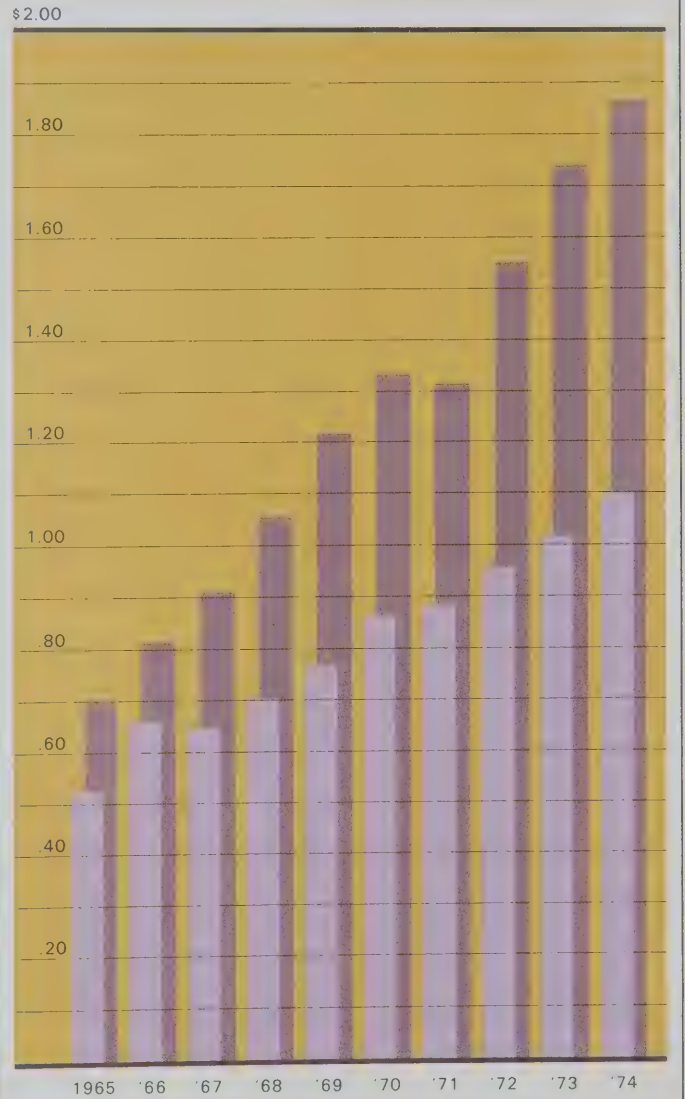
Total loans at the year-end were \$12.7 billion, an increase of 27.5 per cent over the total for fiscal 1973.


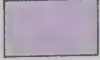
GROWTH OF NET PROFIT AFTER TAXES OVER THE LAST TEN YEARS



Balance of profit was \$62 million or \$1.87 per share compared to \$58 million or \$1.74 per share in 1973.

EARNINGS PER SHARE AND DIVIDENDS PER SHARE OVER THE LAST TEN YEARS



-  Net profit per share after income taxes giving effect to the 5 for 1 share split in 1967.
-  Dividends per share, giving effect to the 5 for 1 share split in 1967.

Ten Year Statistical Review

(in thousands)

ASSETS AND LIABILITIES

	1974	1973	1972	1971
ASSETS				
Cash resources	\$ 4,563,183	\$ 5,338,982	\$ 3,688,244	\$ 3,003,367
Securities	2,812,869	2,143,978	2,296,048	2,258,855
Loans including day loans	12,713,031	9,972,051	8,111,053	6,973,914
Bank premises (net)	168,306	137,749	119,920	117,346
Other assets	1,412,491	770,775	552,251	600,096
Total	\$21,669,880	\$18,363,535	\$14,767,516	\$12,953,578

LIABILITIES

Deposits	\$19,441,373	\$16,800,301	\$13,537,382	\$11,772,301
Sundry liabilities	1,340,098	713,124	496,985	512,240
Accumulated appropriations for losses	246,623	233,835	215,840	186,193
Debentures	125,000	125,000	75,000	75,000
Shareholders' equity	516,786	491,275	442,309	407,844
Total	\$21,669,880	\$18,363,535	\$14,767,516	\$12,953,578

ACCUMULATED APPROPRIATIONS FOR LOSSES

Accumulated appropriations at beginning of year	\$ 233,835	\$ 215,840	\$ 186,193	\$ 160,465
Additions (deductions) during year:				
Current year's appropriations#	\$ 45,100	\$ 41,350	\$ 35,814	\$ 26,830
Losses on loans under (over) 5-year average#	(3,450)	3,586	(2,222)	(4,752)
Profits and losses on securities#	(27,686)	(5,736)	8,326	5,252
Other profits and losses, (net)#	(973)	1,351	3,343	(1,602)
Provision for income taxes	(202)	2,444	(614)	—
Transfer to undivided profits	—	(25,000)	(15,000)	—
	\$ 12,788	\$ 17,995	\$ 29,647	\$ 25,728
Accumulated appropriations at end of year				
General appropriations	\$ 86,857	\$ 105,832	\$ 104,786	\$ 112,108
Tax-paid appropriations	159,766	128,003	111,054	74,085
Total	\$ 246,623	\$ 233,835	\$ 215,840	\$ 186,193

For space reasons, some statutory headings have been abbreviated or reworded but, in all such cases amounts correspond to those in annual statements where published.

1970	1969	1968	1967	1966	1965 (11 months)
\$ 2,648,853	\$2,293,326	\$1,551,736	\$1,256,322	\$1,156,260	\$ 927,694
1,875,637	1,703,127	2,053,956	1,731,833	1,465,476	1,485,321
6,166,013	5,752,525	4,739,084	4,402,748	4,025,025	3,852,617
96,815	93,286	90,009	84,141	76,987	70,776
581,305	353,895	308,433	304,615	306,347	325,022
\$11,368,623	\$10,196,159	\$8,743,218	\$7,779,659	\$7,030,095	\$6,661,430
\$10,303,212	\$9,308,225	\$7,955,074	\$7,028,815	\$6,304,215	\$5,921,645
513,921	363,189	297,379	297,370	293,980	319,149
160,465	149,733	130,670	105,418	94,165	90,374
—	—	—	—	—	—
391,025	375,012	360,095	348,056	337,735	330,262
\$11,368,623	\$10,196,159	\$8,743,218	\$7,779,659	\$7,030,095	\$6,661,430
\$ 149,733	\$ 130,670	\$ 105,418	\$ 94,165	\$ 90,374	\$ 90,087
\$ 24,660	\$ 17,700	\$ 14,441	\$ 3,813	\$ 4,251	\$ 2,846
(5,037)	4,489	1,929	3,895	2,323	(5,169)
(7,498)	(3,156)	(984)	667	(6,940)	525
(1,393)	30	(5,964)	(1,122)	(293)	(895)
—	—	15,830	4,000	4,450	2,980
—	—	—	—	—	—
\$ 10,732	\$ 19,063	\$ 25,252	\$ 11,253	\$ 3,791	\$ 287
\$ 116,635	\$ 119,973	\$ 121,633	\$ 97,566	\$ 86,873	\$ 83,283
43,830	29,760	9,037	7,852	7,292	7,091
\$ 160,465	\$ 149,733	\$ 130,670	\$ 105,418	\$ 94,165	\$ 90,374

Ten Year Statistical Review

(in thousands)

REVENUE, EXPENSES AND UNDIVIDED PROFITS

	1974	1973	1972	1971
REVENUE				
Income from loans	\$1,613,365	\$1,015,923	\$728,294	\$664,348
Income from securities	166,220	120,510	114,300	119,776
Other operating revenue	137,569	115,364	100,534	88,953
Total Revenue	\$1,917,154	\$1,251,797	\$943,128	\$873,077
EXPENSES				
Interest on deposits	\$1,221,258	\$ 673,477	\$462,656	\$452,540
Salaries, etc. #	291,197	233,661	181,681	166,342
Property expenses#	70,503	56,730	48,857	45,235
Other operating expenses#	123,194	95,785	84,435	68,578
Total Expenses	\$1,706,152	\$1,059,653	\$777,629	\$732,695
Balance of revenue	\$ 211,002	\$ 192,144	\$165,499	\$140,382
Provision for income taxes	103,800	92,900	78,286	69,500
Balance of revenue after taxes	\$ 107,202	\$ 99,244	\$ 87,213	\$ 70,882
Appropriation for losses	45,100	41,350	35,814	26,830
Balance of profits	\$ 62,102	\$ 57,894	\$ 51,399	\$ 44,052
Dividends	36,590	33,929	31,933	29,272
Amount carried forward	\$ 25,512	\$ 23,965	\$ 19,466	\$ 14,780
Undivided profits at beginning of year	1,246	4,781	3,315	3,536**
Transfer from accumulated appropriations for losses	—	25,000	15,000	—
	\$ 26,758	\$ 53,746	\$ 37,781	\$ 18,316
Transferred to Rest Account	25,000	52,500	33,000	15,000
Undivided profits at end of year	\$ 1,758	\$ 1,246	\$ 4,781	\$ 3,316
OTHER INFORMATION				
Net earnings per share	\$ 1.87	\$ 1.74	\$ 1.55	\$ 1.32
Dividends per share	\$ 1.10	\$ 1.02	96¢	88¢
Number of branches	1,470	1,469	1,393	1,366

*Adjusted for 5 for 1 share split in 1967.

**The undivided profits at the beginning of the year ended October 31, 1971 have been adjusted to include the undivided profits of subsidiaries whose earnings were not previously consolidated.

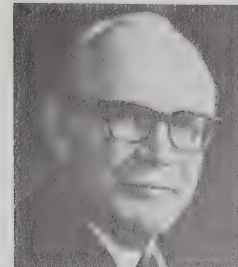
#For space reasons, some statutory headings have been abbreviated or reworded but, in all such cases amounts correspond to those in annual statements where published.

1970	1969	1968	1967	1966	1965 (11 months)
\$686,322	\$514,139	\$361,927	\$282,843	\$247,751	\$199,481
111,953	104,641	99,763	75,291	66,618	55,741
85,434	77,303	66,354	60,493	49,601	40,599
\$883,709	\$696,083	\$528,044	\$418,627	\$363,970	\$295,821
\$487,885	\$348,403	\$232,319	\$173,193	\$145,010	\$111,584
150,509	138,394	115,861	105,277	94,439	79,424
41,147	36,757	33,059	29,646	27,477	22,209
59,888	52,199	44,610	41,619	35,461	31,189
\$739,429	\$575,753	\$425,849	\$349,735	\$302,387	\$244,406
\$144,280	\$120,330	\$102,195	\$68,892	\$61,583	\$51,415
75,000	62,100	52,430	34,800	29,900	25,330
\$69,280	\$58,230	\$49,765	\$34,092	\$31,683	\$26,085
24,660	17,700	14,441	3,813	4,251	2,846
\$44,620	\$40,530	\$35,324	\$30,279	\$27,432	\$23,239
28,607	25,613	23,285	19,959	19,958	17,297
\$16,013	\$14,917	\$12,039	\$10,320	\$7,474	\$5,942
1,484	1,567	1,528	2,208	1,734	1,792
—	—	—	—	—	—
\$17,497	\$16,484	\$13,567	\$12,528	\$9,208	\$7,734
16,000	15,000	12,000	11,000	7,000	6,000
\$1,497	\$1,484	\$1,567	\$1,528	\$2,208	\$1,734
\$1.34	\$1.22	\$1.06	91¢	82¢*	70¢*
86¢	77¢	70¢	60¢	60¢*	52¢*
1,312	1,264	1,241	1,221	1,202	1,193



Directors

Chairman and President



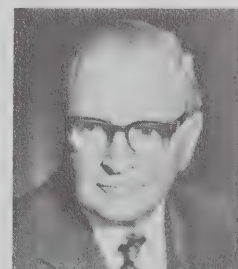
W. EARLE McLAUGHLIN
MONTREAL
Chairman and President,
The Royal Bank of Canada

Deputy Chairman and Executive Vice-President



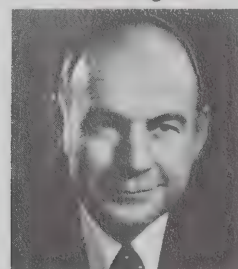
J. K. FINLAYSON
MONTREAL
*Deputy Chairman and
Executive Vice-President,*
The Royal Bank of Canada

Deputy Chairman and Executive Vice-President



W. D. H. GARDINER
TORONTO
*Deputy Chairman and
Executive Vice-President,*
The Royal Bank of Canada

Executive Vice- President and Chief General Manager



ROWLAND C. FRAZEE
MONTREAL
*Executive Vice-President
and Chief General Manager,*
The Royal Bank of Canada

upper right:

W. Earle McLaughlin makes
a point with reporters at
the Canadian Conference on Banking.

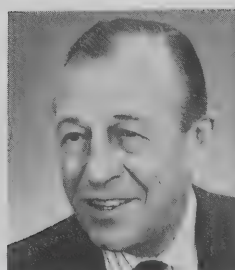
lower right:

W.D.H. Gardiner at work
in his Toronto office.

left:

J.K. Finlayson (right) and Rowland C. Frazee
converse outside
The Royal Bank Building, Montreal.

Vice-President



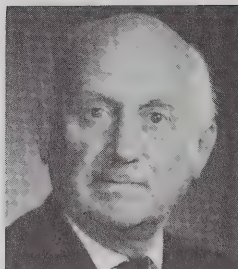
W. O. TWAITS
C.C.,
TORONTO
President,
Sarcanto Limited

Vice-President



IAN. D. SINCLAIR
MONTREAL
*Chairman and Chief Executive
Officer,*
Canadian Pacific Limited

Directors (continued)



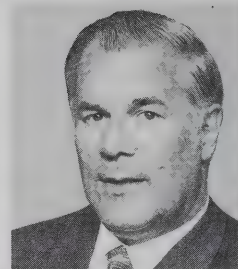
The Rt. Hon.
LORD ADEANE
LONDON, ENGLAND
Company Director



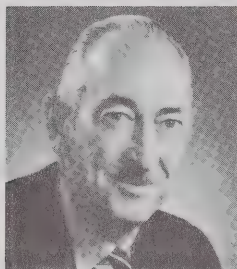
D. S. ANDERSON
TORONTO
*Chairman,
Canada Realities Limited*



JOHN A. ARMSTRONG
TORONTO
*Chairman and Chief Executive,
Imperial Oil Limited*



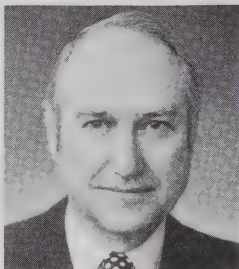
IAN A. BARCLAY
VANCOUVER
*President and Chief Executive
Officer,
British Columbia Forest
Products Limited*



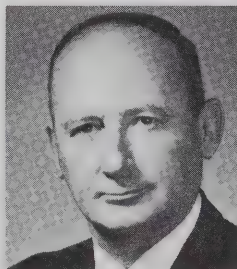
T. J. BELL
M.C.
TORONTO
*Chairman of the Board and
Chief Executive Officer,
Abitibi Paper Company Ltd.*



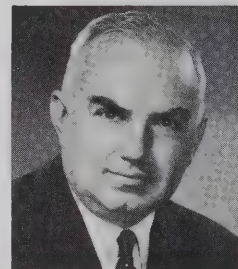
G. H. BLUMENAUER
HAMILTON
*Chairman and President,
Otis Elevator Company
Limited*



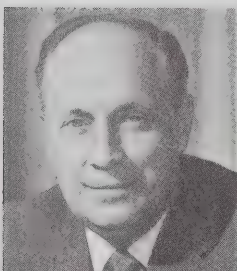
G. ALLAN BURTON
D.S.O., E.D., LL.D.
TORONTO
*Chairman and Chief Executive
Officer,
Simpsons, Limited*



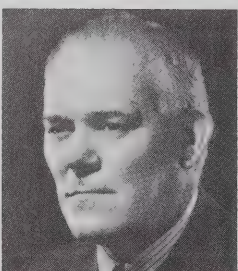
R. B. CAMERON
O.C., D.S.O.
HALIFAX
*Chairman of the Board,
Maritime Steel & Foundries
Limited*



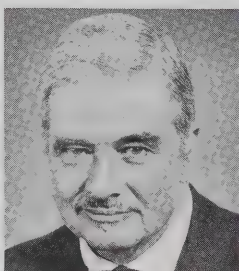
A. B. CHRISTOPHER
VANCOUVER
*President,
Montrose Developments Ltd.*



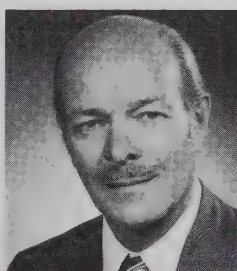
JOHN H. COLEMAN
TORONTO
*President,
J. H. C. Associates Limited*



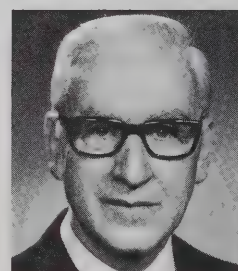
FRANK B. COMMON, Jr.,
Q.C.
MONTREAL
*Partner,
Ogilvy, Cope, Porteous,
Montgomery, Renault,
Clarke & Kirkpatrick*



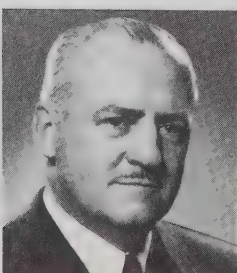
F. M. COVERT
O.B.E., D.F.C., Q.C.
HALIFAX
*Partner,
Stewart, MacKeen & Covert*



L. G. DesBRISAY
MONCTON
*President,
Blakeny Concrete Products
Ltd.*



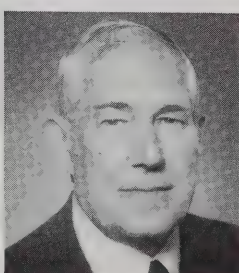
The Hon.
PAUL DESRUISSEAU
Q.C.
SHERBROOKE
*Chairman,
Desmont Research and
Development Inc.*



J. E. L. DUQUET
Q.C.
MONTREAL
*Senior Partner,
Duquet, MacKay, Weldon,
Bronstetter & Thivierge*



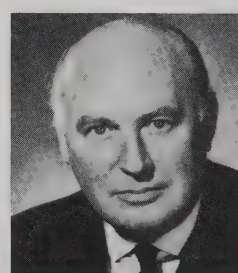
C. W. GIBBINGS
WINNIPEG
*Commissioner,
The Canadian Wheat Board*



KELLY H. GIBSON
VANCOUVER
*Chairman and Chief Executive
Officer,
Westcoast Transmission
Company Limited*



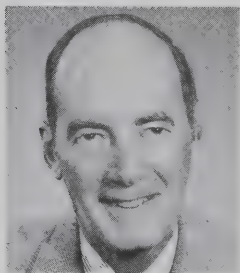
FLOYD D. HALL
NEW YORK
*Chairman of the Board and
President,
Eastern Air Lines
Incorporated*



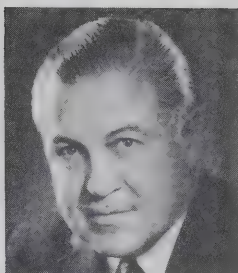
SIR CHARLES E. M. HARDIE
C.B.E.
LONDON, ENGLAND
*Partner,
Dixon, Wilson & Company*



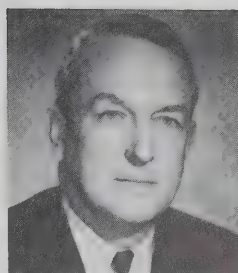
GEORGE HEFFELFINGER
WINNIPEG
President,
Highcroft Enterprises Ltd.



DAVID S. HOLBROOK
SAULT STE. MARIE
Chairman and President,
The Algoma Steel
Corporation, Limited



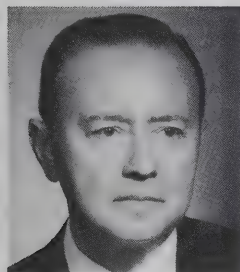
L. G. LUMBERS
TORONTO
Chairman of the Board,
Noranda Manufacturing Ltd.



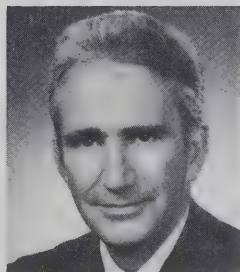
P. L. P. MACDONNELL
Q.C.
EDMONTON
Partner,
Milner & Steer



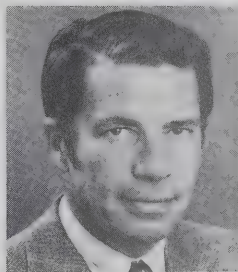
F. C. MANNIX
CALGARY
Company Director



J. P. MONGE
NEW YORK
Vice-Chairman,
International Paper
Company



PIERRE A. NADEAU
MONTREAL
*President and Chief Executive
Officer,*
Petrofina Canada Ltd.



PAUL PARÉ
MONTREAL
President,
Imasco Limited



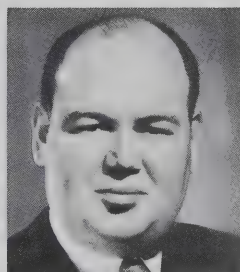
A. L. PENHALE
NORTH HATLEY, QUE.
Company Director



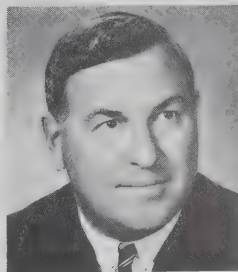
NEIL F. PHILLIPS
Q.C.
MONTREAL
Partner,
Phillips & Vineberg



HERBERT C. PINDER
SASKATOON
President,
Saskatoon Trading Company
Limited



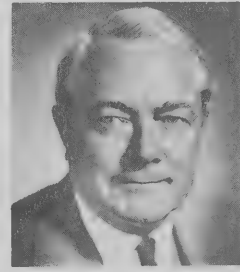
CLAUDE PRATTE
Q.C.
QUEBEC
Advocate



CHARLES I. RATHGEB
TORONTO
*Chairman and Chief Executive
Officer,*
Comstock International Ltd.



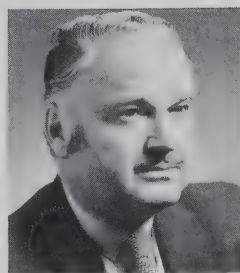
PIERRE A. SALBAING
MONTREAL
*President and Managing
Director,*
Canadian Liquid Air Ltd.



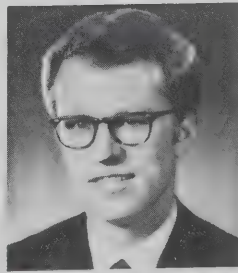
P. R. SANDWELL
VANCOUVER
Chairman,
Sandwell and Company
Limited



E. P. TAYLOR
C.M.G.
NASSAU,
BAHAMAS
Chairman,
The New Providence
Development Company



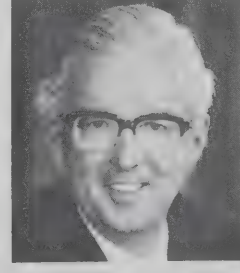
P. N. THOMSON
MONTREAL
Deputy Chairman,
Power Corporation of Canada
Limited



JOHN A. TORY
Q.C.
TORONTO
President,
The Thomson Corporation
Limited



COLIN W. WEBSTER
MONTREAL
Vice-Chairman,
Canadian Fuel Marketers Ltd.



C. N. WOODWARD
VANCOUVER
Chairman of the Board,
Woodward Stores
Limited

Executive Officers

Chairman and President W. Earle McLaughlin
Deputy Chairman and Executive Vice-President J. K. Finlayson
Deputy Chairman and Executive Vice-President W. D. H. Gardiner (*Toronto*)
Executive Vice-President and Chief General Manager Rowland C. Frazee

HEAD OFFICE

Senior Vice-Presidents and General Managers

W. L. Arthur (*Administration*)
T. S. Dobson (*Finance and Investments*)
B. J. McGill (*International*)
J. C. McMillan (*Corporate Banking, Canada*)
H. E. Wyatt (*Canada*)

Deputy General Managers

R. L. Arsenault	A. A. Johnson
M. G. Clennett	J. A. Milburn
C. N. Downing	R. M. Mitchell
A. G. Halliwell	J. E. Morgan
N. H. P. Hardinge	R. C. Paterson
H. S. Hardy	A. R. Taylor
W. D. Henry	

Comptroller & Chief Accountant

D. S. Wells

Chief Economist

R. G. M. Sultan

Secretary

L. A. Taylor

Assistant General Managers

G. A. Bellevue	T. C. Heckman
W. P. Carter	W. A. Maas
R. M. Cattell	A. H. MacKenzie
D. S. Coombes	D. C. Maltby
A. Cravero	E. D. Welland

FIELD OPERATIONS

Vice-Presidents

J. M. Banks (*Toronto*)
G. B. Langley (*Vancouver*)
D. W. Morison — *Ontario (Toronto)*
R. A. Utting — *Europe (London, England)*

General Managers

J. E. Broadley (*Montreal*)
J. J. Fortune (*Halifax*)
P. A. Fréchette (*Montreal*)
H. G. Hurd (*Regina*)
B. M. Lamont (*Montreal*)
W. A. R. MacDonald (*Winnipeg*)
H. E. McClenaghan (*Calgary*)
M. O. P. Morrison (*Toronto*)
M. J. Regan (*London, England*)
W. S. Snook (*Toronto*)
L. L. Street (*Montreal*)
R. G. P. Styles (*Toronto*)
A. de Takacsy (*Paris*)

Assistant General Managers

G. C. Aitken (*Toronto*)
R. B. Ashforth (*Vancouver*)
J. G. R. Bénard (*Montreal*)
B. D. Champion (*Montreal*)
A. E. Colling (*Montreal*)
H. F. Dinner (*Montreal*)
B. D. Gregson (*Toronto*)
L. M. Irvine (*Montreal*)
E. J. Lovick (*Vancouver*)
G. E. Lowe (*Montreal*)
J. B. McDonald (*Toronto*)
W. N. McFadyen (*London, England*)
W. G. McPherson (*Toronto*)
A. H. Michell (*Toronto*)
C. O. Rochon (*Montreal*)
P. J. Rossiter (*Toronto*)
J. C. Sinclair (*Toronto*)
J. F. Smith (*Nassau*)
R. A. Thomas (*New York*)
E. K. Upstone (*Toronto*)
J. M. Walker (*Montreal*)

Head Office Organization

BANKING DIVISIONS

Canada

H. E. Wyatt, *Senior Vice-President and General Manager*

Commercial Banking

A. G. Halliwell, *Deputy General Manager*

W. P. Carter, *Assistant General Manager, Mortgage Services*

T. C. Heckman, *Assistant General Manager, Commercial Business*

Consumer Banking

H. S. Hardy, *Deputy General Manager*

W. A. Maas, *Assistant General Manager, Consumer Services*

E. D. Welland, *Assistant General Manager, Consumer Credit*

Corporate Banking

J. C. McMillan, *Senior Vice-President and General Manager*

Corporate Development

J. A. Milburn, *Deputy General Manager*

Corporate Lending

W. D. Henry, *Deputy General Manager*

G. A. Bellevue, *Assistant General Manager*

R. M. Cattell, *Assistant General Manager*

D. S. Coombes, *Assistant General Manager*

Corporate Marketing

D. C. Maltby, *Assistant General Manager*

International

B. J. McGill, *Senior Vice-President and General Manager*

A. R. Taylor, *Deputy General Manager*

A. A. Johnson, *Deputy General Manager*

A. Cravero, *Assistant General Manager*

International Money Markets

R. M. Mitchell, *Deputy General Manager*

CORPORATE DIVISIONS

Administration

W. L. Arthur, *Senior Vice-President and General Manager*

Personnel

N. H. P. Hardinge, *Deputy General Manager*

A. H. MacKenzie, *Assistant General Manager*

Real Estate Resources

R. L. Arsenault, *Deputy General Manager*

L. M. Irvine, *Assistant General Manager*

Secretariat

L. A. Taylor, *Secretary*

Systems and Processing Operations

C. N. Downing, *Deputy General Manager*

Finance and Investments

T. S. Dobson, *Senior Vice-President and General Manager*

Control and Financial Planning

D. S. Wells, *Comptroller and Chief Accountant*

Economics Department

R. G. M. Sultan, *Chief Economist*

Investments

R. C. Paterson, *Deputy General Manager*

G. C. Aitken, *Assistant General Manager (Toronto)*

CORPORATE PLANNING

J. E. Morgan, *Deputy General Manager*

FIELD OPERATIONS

Atlantic Provinces

Halifax

J. J. Fortune, *General Manager*

Quebec

Montreal

P. A. Fréchette, *General Manager*

J. G. R. Bénéard, *Assistant General Manager, Corporate Banking*

B. D. Champion, *Assistant General Manager, Corporate Banking*

C. O. Rochon, *Assistant General Manager, Branch Banking*

H. C. Stewart, *Assistant General Manager, Administration*

J. M. Walker, *Assistant General Manager (Montreal Branch)*

Ontario

Toronto

D. W. Morison, *Vice-President — Ontario*

J. M. Bankes, *Vice-President*

A. H. Michell, *Assistant General Manager, Administration*

East and North

M. O. P. Morrison, *General Manager*

Metro Toronto

R. G. P. Styles, *General Manager*

B. D. Gregson, *Assistant General Manager (Toronto Branch)*

P. J. Rossiter, *Assistant General Manager, International Centre*

J. C. Sinclair, *Assistant General Manager*

E. K. Upstone, *Assistant General Manager*

Ontario West

W. S. Snook, *General Manager*

J. B. McDonald, *Assistant General Manager*

W. G. McPherson, *Assistant General Manager*

Manitoba and Northwestern Ontario

Winnipeg

W. A. R. MacDonald, *General Manager*

Saskatchewan

Regina

H. G. Hurd, *General Manager*

Alberta

Calgary

H. E. McClenaghan, *General Manager*

British Columbia

Vancouver

G. B. Langley, *Vice-President and General Manager*

R. B. Ashforth, *Assistant General Manager, Corporate Banking*

E. J. Lovick, *Assistant General Manager, Branch Banking*

International Areas Organization

Asia, Australia, Africa, Middle East

Montreal:

B. M. Lamont, *General Manager*

H. F. Dinner, *Assistant General Manager*

J. V. Oram, *Regional Manager, Southeast Asia*

J. T. Hagel, *Regional Manager, Africa and Middle East*

G. V. Wright, *Regional Manager, Northeast Asia and Australia*

Europe

London:

R. A. Utting, *Vice-President, Europe*

M. J. Regan, *General Manager, U.K. and Scandinavia*

Paris:

A. de Takacsy, *General Manager, Continental Europe*

Montreal:

A. Cravero, *Assistant General Manager, International*

Latin America and Caribbean

Montreal:

L. L. Street, *General Manager*

J. P. Hutchison, *Regional Manager, Caribbean*

T. H. Kennedy, *Regional Manager, Latin America*

M. A. Brennan, *Regional Manager, Latin America-Non-Branch Areas*

Bogota:

J. H. Stech, *District Manager, Colombia*

Bridgetown:

N. Brewis, *District Manager, Eastern Caribbean*

Georgetown:

C. H. Anderson, *District Manager, Guyana*

Nassau:

C. W. Minard, *District Manager, Bahamas,
Belize and Cayman Islands*

San Juan:

D. Michie, *District Manager, Puerto Rico & U.S. Virgin Islands*

Santo Domingo:

J. Scott, *District Manager, Dominican Republic & Haiti*

U.S.A.

Montreal:

J. E. Broadley, *General Manager, U.S.A.*

A. E. Colling, *Assistant General Manager, U.S.A.*

G. E. Lowe, *Assistant General Manager, U.S.A.*

F. G. Ballachey, *Regional Manager, Canada (International)*

New York:

R. A. Thomas, *Assistant General Manager
and Chief Agent, New York*

San Francisco:

I. R. Hastings, *Senior Agent*

Representatives

FRANCE

Paris, 3, rue Scribe, Paris

P. H. Hofmann, *Senior Representative, Continental Europe*

M. A. Nicolai, *Regional Representative*

GERMANY

Frankfurt, Bockenheimer Landstrasse, 6, Frankfurt/Main 1

C. G. Morkel, *Regional Representative*

G. W. Reinzuch, *Representative*

HONG KONG

Hong Kong, 12th Floor, New Henry House, 10 Ice House St.

P.O. Box 13302, Hong Kong

W. E. Neapole, *Regional Representative*

JAPAN

Tokyo, 602 Fuji Building, 2-3, 3 Chome, Marunouchi, Chiyoda-ku
P.O. Box 1709, Tokyo

J. T. Clayden, *Regional Representative*

A. Tsuji, *Representative*

LEBANON

Beirut, St. Charles City Centre

Omar Daouk St., P.O. Box 2520

G. K. Kardouche, *Regional Representative*

THE NETHERLANDS

Amsterdam, 485 Herengracht, Amsterdam

J. H. B. Nederpelt, *Regional Representative*

UNITED KINGDOM

London, 2 Palace Gate, W8 5NF

E. D. Ferguson, *Regional Representative*

P. W. Todd, *Regional Representative*

UNITED STATES OF AMERICA

New York, N.Y., 68 William Street, New York 10005

P. J. Hatt, *Agent—Corporate Development*

A. H. MacDonald, *Assistant Manager*

W. J. E. Poynter, *Representative*

S. Huk, *Representative*

J. W. Somers, *Representative*

Chicago, Ill., 33 North Dearborn Street, Room 1215, Chicago 60602

D. B. McKeeman, *Resident Representative*

J. D. Frost, *Representative*

D. D. Stewart, *Representative*

Dallas, Texas, 333 North St. Paul Street, Suite 3434, Dallas 75201

M. B. Lambert, *Resident Representative*

R. F. M. Smith, *Representative*

Los Angeles, Cal., 510 West Sixth Street, Suite 1221, Los Angeles 90014

M. E. Flaherty, *Resident Representative*

J. W. Gibson, *Representative*

Subsidiary Banks

BAHAMAS

THE ROYAL BANK OF CANADA INTERNATIONAL LIMITED

Registered Office — Freeport, Grand Bahama

General Office — P.O. Box N1445, Nassau, N.P.

J. F. Smith, *President*

CHANNEL ISLANDS

THE ROYAL BANK OF CANADA (CHANNEL ISLANDS) LIMITED

Saumarez St., St. Peter Port, Guernsey

T. J. Betley, *Managing Director*

FRANCE

THE ROYAL BANK OF CANADA (FRANCE)

3, rue Scribe, Paris

A. de Takacsy, *President*

LEBANON

THE ROYAL BANK OF CANADA (MIDDLE EAST) S.A.L.

Saint Charles City Centre

Omar Daouk Street, P.O. Box 2520, Beirut

B. M. Lamont, *President (Montreal)*

E. W. Brokes, *General Manager*

UNITED STATES

THE ROYAL BANK OF CANADA TRUST COMPANY

68 William St., New York 10005

R. A. Thomas, *President*

R. A. Lacey, *Vice-President & Trust Officer*

G. A. Simpson, *Assistant Vice-President*

Associated Banks & Organizations

AUSTRALIA

I.M.F.C. DISCOUNTS LIMITED

151 Macquarrie St.

Sydney, N.S.W. 2000

A. de V. Stewart-Richardson, *Chairman*

INVESTMENT & MERCHANT FINANCE CORP. LTD.

I.M.F.C. House, 33 King William Street,

Adelaide, South Australia 5000

Rex J. Lipman, *Deputy Chairman & Managing Director*

ROYAUST PTY. LTD.

17th Floor, I.M.F.C. House

33 King William Street

Adelaide, South Australia 5000

Rex J. Lipman, *Managing Director*

BAHAMAS

ROYWEST BANKING CORPORATION LIMITED

P. O. Box 4889, Nassau, N.P.

A. V. Benbow, *Managing Director*

BELGIUM

BANQUE BELGE POUR L'INDUSTRIE, S.A.

12, rue du Bois Sauvage, Brussels

Guy J. de Spirlet, *Chairman*

BRAZIL

BANCO INTERNACIONAL S.A.

Caixa Postal 8065-01000,

Rua 15 de Novembro 240, São Paulo

J. M. Lahens, *President*

W. R. Musto, *Director Superintendent*

M. D. J. DeFreitas, *Director Exchange*

CANADA

AETNA FACTORS CORPORATION LIMITED

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Montreal, Quebec

M. Suhl, *President*

ROYMARINE LEASING LTD.

Sun Life Building, 1155 Metcalfe St.,

Montreal, Que., H3B 2V6

H. S. Miller, *President*

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W. P. Carter, *President*

INSMOR MORTGAGE INSURANCE COMPANY

4 King Street W.,

Toronto, Ontario

D. R. Smith, *President*

INTERNATIONAL CAPITAL CORPORATION LIMITED

21, Elysée, Place Bonaventure,

Montreal, Que., H5A 1C3

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ROYMARK FINANCIAL SERVICES LIMITED

Suite 701, 335 Bay Street,

Toronto, Ontario

D. W. Morison, *President*

ROYMOR LIMITED

1 Place Ville Marie,

Montreal, Que., H3B 3Y1

R. C. Paterson, *President*

ROYNAT LTD.

620 Dorchester Blvd. W.,

Montreal, Que., H3B 1N7

J. D. Thompson, *President*

FRANCE

INTERUNION—BANQUE

31, rue Danielle-Casanova, Paris 1er

Derek C. Pey, *Chairman*

E. Velten, *Managing Director*

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INCHROY CREDIT CORPORATION LIMITED

16th Floor, Wing Lung Bank Building,

45 Des Voeux Road Central

J. N. T. Rednall, *Managing Director*

ORION PACIFIC LTD.

Suite 602, A.I.A. Building, 1 Stubbs Road

R. Hall, *Chairman*

S. Ball, *Managing Director*

ROYEAST INVESTMENTS LIMITED

12th Floor, New Henry House,

10 Ice House St., Hong Kong

W. E. Neapole, *Managing Director*

JAMAICA

THE ROYAL BANK JAMAICA LIMITED

40 Duke St., P.O. Box 96, Kingston, Jamaica

R. St. A. Sasso, *Chairman & Managing Director*

LEBANON

ROYMIDEAST INVESTMENTS LIMITED

St. Charles City Centre

Omar Daouk St., P.O. Box 2520, Beirut

E. W. Brokes, *Managing Director*

MALAYSIA

INDUSTRIAL RESOURCES SDN. BHD.

Kuala Lumpur

J. N. T. Rednall, *Managing Director*

THE NETHERLANDS

MULTINATIONAL ORION LEASING HOLDINGS N.V.

Keizersgracht 570, Amsterdam

H. Hietink, *Executive Director*

RBC FINANCE B.V.

Herengracht 485, Amsterdam

J. H. B. Nederpelt, *Managing Director*

PHILIPPINES

TRADERS ROYAL BANK

Femii Bldg., Aduana St.,

Intramuras, Manila

José L. Africa, *Chairman*

D. Pangilinan, *President*

TRINIDAD & TOBAGO

THE ROYAL BANK OF TRINIDAD AND TOBAGO LIMITED

2 Chancery Lane, Port of Spain

C. P. de Souza, *Chairman & Managing Director*

UNITED KINGDOM

LIBRA BANK LTD.

1 London Wall, London EC2P 2JS

Dr. A. Machado, *Chairman*

T. F. Gaffney, *Managing Director*

ORION BANK LTD.

1 London Wall, London EC2Y 5JX

The Hon. David Montagu, *Chairman & Chief Executive Officer*

M. C. Bonsor, *Senior Managing Director*

ORION LEASING HOLDINGS LTD.

1 London Wall, London EC2Y 5JX

Dr. H. Sippel, *Chairman*

ORION MULTINATIONAL SERVICES LTD.

1 London Wall, London EC2Y 5JX

P. W. Wilkinson, *Chairman & Managing Director*

B. V. Kelly, *Executive Director & Senior Representative*

ORION TERMBANK LTD.

1 London Wall, London EC2Y 5JX

The Hon. David Montagu, *Chairman*

W. N. McFadyen, *Managing Director*

VENEZUELA

BANCO ROYAL VENEZOLANO C.A.

31 Sociedad a Camejo, Apartado 1009 Caracas

A. J. Lara, *President*

H. J. W. Brophy, *General Manager*

Subsidiary and Associated Trust Companies

BAHAMAS

Trust Corporation of the Bahamas
P. O. Box N-7788, Nassau, N. P.
D. R. Kester, *Deputy Chairman and Managing Director*

BARBADOS

Royal Bank Trust Company (Barbados) Limited,
Cockspur House, Nile Street, Bridgetown
F. A. Allen, *General Manager*

CAYMAN ISLANDS

Royal Bank Trust Company (Cayman) Limited,
George Town, Grand Cayman
J. G. Morgan, *Managing Director*

CHANNEL ISLANDS

The Royal Bank of Canada Trustees (Jersey) Limited
Saumarez Street, St. Peter Port, Guernsey
T. J. Betley, *Managing Director*

GUYANA

Royal Bank Trust Company (Guyana) Limited,
Royal Bank Building, 38-39 Water Street, Georgetown
N. Persaud, *Manager*

JAMAICA

Royal Bank Trust Company (Jamaica) Limited,
33 Duke St., Kingston
K. P. H. MacKenzie, *General Manager*

TRINIDAD

Royal Bank Trust Company (Trinidad) Limited,
Frederick and Hart Streets, Port of Spain
R. S. Prasad, *General Manager*

UNITED KINGDOM

The Royal Bank of Canada Trust Corporation Limited,
30-32 Ludgate Hill, London EC4M 7ND
B. A. Ramsey, *General Manager*
D. A. Jones, *Joint General Manager*

Special Services

AGRICULTURAL SERVICES

H. D. McRorie, *Director (Winnipeg)*

Halifax, Nova Scotia

M. D. Shanks, *Manager*

Montreal, Quebec

F. Fortier, *Manager*

Toronto, Ontario

G. W. Arnold, *Manager*

Winnipeg, Manitoba

C. E. Gutheil, *Manager*

Regina, Saskatchewan

J. L. Drew, *Manager*

Calgary, Alberta

K. R. Sveinson, *Manager*

Vancouver, British Columbia

J. L. Ranta, *Manager*

FACTORING SERVICES

R. D. Sime, *Manager (Montreal)*

INTERNATIONAL CENTRES

Halifax, Nova Scotia

A. B. Downie, *Manager*

Montreal, Quebec

G. D. Loewen, *Manager*

Toronto, Ontario

P. J. Rossiter, *Assistant General Manager*

Winnipeg, Manitoba

G. W. Cooper, *Manager*

Regina, Saskatchewan

D. G. Smith, *Manager*

Calgary, Alberta

G. Underwood, *Manager*

Vancouver, British Columbia

W. H. Thompson, *Manager*

MERGERS & ACQUISITIONS

Head Office, Montreal

J. Shannon, *Manager*

Toronto, Ontario

D. F. Payne, *Manager*

MINING

Toronto, Ontario

D. E. Smith, *Director*

Vancouver, British Columbia

L. G. White, *Representative*

OIL AND GAS SERVICES

Calgary, Alberta

R. D. Jensen, *Director*

K. R. Kettlewell, *Manager, Engineering*

Halifax, Nova Scotia

J. W. Salton, *Manager, Corporate Development*

TRAVELPLAN

E. K. Culbert, *Manager (Toronto)*

Royal Bank Representation

Canada

Branches*

Newfoundland	20
Nova Scotia	83
Prince Edward Island	6
New Brunswick	30
Quebec	205
Ontario	528
Manitoba	93
Saskatchewan	103
Alberta	130
British Columbia	181
North West Territories	2
Yukon	1
	<hr/> 1,382
Other Countries	88
Subsidiaries and Affiliates	89

Total (including sub-branches) . . . 1,559

Other Countries

The Royal Bank of Canada is represented through branches, subsidiary or associated banks or resident representatives in the following countries:

Antigua	Hong Kong
Argentina	Jamaica
Australia	Japan
Bahamas	Lebanon
Barbados	Malaysia
Belgium	Montserrat
Belize	Panama
Brazil	Philippines
Cayman Islands	Puerto Rico
Channel Islands	St. Kitts
Colombia	St. Lucia
Dominica	St. Vincent
Dominican Republic	The Netherlands
France	Trinidad & Tobago
French West Indies	United Kingdom
Germany	United States of America
Grenada	U.S. Virgin Islands
Guyana	Venezuela
Haiti	

*At October 31, 1974

Detailed information concerning Royal Bank representation throughout the world may be obtained from any branch or office of the bank, or from the bank's Head Office, 1 Place Ville Marie, Montreal, Canada (Post Office Box 6001, Montreal, Que., H3C 3A9 Canada. Telephone: 874-2110.



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